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Asia-Pacific Region, 'Good Neighbor' Policy Viewed
94CM0097A GUOJI WENTI YANJIU [INTERNATIONAL
STUDIES] in Chinese No 50, 13 Oct 93 pp 1-3, 7

[Article by Zhan Shiliang (6124 0013 0081): "The Asia-Pacific Situation and China's 'Good Neighbor' Policy"]

[Excerpt] [passage omitted]

II.

With the conclusion of the Cold War, Asian-Pacific hot spots began to cool down. The peace process sped up in Kampuchea, South Korea and North Korea strengthened their negotiations, and each of the East Asian nations began paying more attention to their own economic construction, with mutual friendly cooperation and closer relationships. A new pattern of multilateral force which was both competitive and cooperative emerged gradually in the Asia-Pacific area, and the situation in the entire region tended to be more relaxed.

The relative stability and economic development in the Asia-Pacific region doesn't mean there are no negative factors which could affect stability and development. Power politics and hegemonism are still the major barriers to peace and development in the whole world and in this region; economic factors play a prominent role in international relationships, while economic development throughout the world is unbalanced, trade protectionism is growing stronger, and the conflicts between some nations (especially between the United States and Japan) is increasing. The former hot spot Korean peninsula remains in a very unstable situation, and the Kampuchea question has not been completely resolved, with new outbreaks of clashes still a possibility. Russia is in a turbulent state. There also exist in East Asia territorial disputes and ethnic and religious conflicts which could also interfere with the stability of the situation. In addition, it is still difficult to predict the future development of Japanese-U.S. relations, or Chinese-U.S. relations. Some countries still harbor suspicions about Japan developing into a military power. It is precisely because of these unstable and uncertain factors that we should pay sufficient attention to questions of Asia-Pacific security.

All Asia-Pacific nations strongly demand the further economic development of their own countries, and experience has proven that this will only be accomplished under conditions of continued peace and stability in the region. Peace and stability are related to the fundamental interests of each nation; if contradictions and disputes arise among them, the only correct course of action is to seek a means of resolution through peaceful negotiations, avoiding antagonism giving way to outbreaks of violence.

In varying degrees, economic development will create competition and conflict, but if we are talking about East Asia itself, these will be more compensatory in nature. Due to differences in economic base, development level, and situation, the East Asian nations are establishing a multilevel developmental structure, with closer, more

cooperative economic and trade relations. The whole of East Asia has formed into a constantly expanding, huge market, and is on the steady path to regional cooperation and development. Although mutual competition will develop, mutual cooperation and benefit will be the chief aspect of this.

As mentioned before, the Asia-Pacific region already had a multipolar tendency early on, and this tendency will grow even stronger. It would be impossible for one or two countries, or a group of countries, to control the entire region. The multi-power co-existence of China, Japan, United States, and Russia as well as the Association of Southeast Asian Nations (ASEAN), and Australia will serve to restrict, control, and balance the overall situation. The rise of developing countries like China and ASEAN will be positive factors in curbing great powers from fighting over this region.

The situation and conditions in the Asia-Pacific region differs considerably from that of Europe, so it would be difficult to build a regional peace organ here modeled on a European model peace alliance. We have to study enthusiastically how to establish a regional peace organ which will gradually suit the region's specific factors. Based on the current situation, we should pay more attention to open up various bilateral peace negotiations and talks, while also carrying out appropriate multilateral activities, holding multiple type, multilevel, multi-channel conversations, to increase understanding, communicate knowledge, and increase trust.

In the 1990s, the Asia-Pacific region will be in a transitional phase toward a new, multipolar pattern. It is possible there will be tensions and crises in some areas or some individual problems, due to sharpened contradictions. However, looking at the entire entity, the Asia-Pacific region could possibly remain very stable for the next decade. Meanwhile, it will continue to attract the whole world's attention with the rapidity of its economic development.

III.

The backwards, disunified, old China was the frequent target of invasions by the great powers. The great powers' battles in China was one important reason for past instability, or constant disorder, and even war in the East Asia region. After the People's Republic of China was founded, it conducted a peaceful diplomatic policy of independence and self-determination. China initiated the Five Principles of Peaceful Coexistence, and has always taken as the basic principle of its foreign affairs the establishment and development of friendly cooperative relations with all the world's nations. Now, China has become an important pillar of stability and development in the Asia-Pacific region.

Striving for a peaceful and stable territorial environment is a focal point in China's foreign affairs. China pays special attention to developing relationships with nations in neighboring territory, always conducting a good neighbor policy. Now, China's relationships with these territorial neighbors are in a totally fine situation. Leaders visit each other

constantly, while economic and trade cooperative relationships are growing closer and closer.

Last year was the 20th anniversary of the normalization of relations between China and Japan, with widespread and deeply felt ceremonies held in both nations. In April, General Secretary Jiang Zemin visited Japan, taking relations between China and Japan to a new stage of developing friendship. In October, Japanese Emperor Akihito paid a six-day historical visit to China. Not long after China and South Korea established relations, President Roh Tae Woo visited China, and the governments of the two countries signed four agreements on trade, investment protection and other issues. In November of last year, Premier Li Peng made a formal visit to Vietnam in response to an invitation, the first visit to Vietnam by a Chinese premier in 21 years. In the first half of the year, Philippine President Ramos, Malaysian Premier Mahathir, and Singapore Prime Minister Goh Chok Tong all visited China, while Thailand Premier Chuan Leepai visited China in late August; not long ago, Central Committee Chairman Qiao Shi visited Indonesia, Malaysia, Singapore, Thailand, and the Philippines. These important mutual visits strongly promoted the development of relations between China and ASEAN. Meanwhile, a delegation from the party and government, led by standing members of the Political Bureau of the Central Committee of the Chinese Communist Party, visited North Korea to foster friendly and cooperative relations between China and that nation.

These good political relations provide considerable impetus to the development of economic and trade relations. In 1991, trade between China and Japan grossed nearly \$23 billion, 10 times what it was prior to the establishment of diplomatic relations between the two nations. In 1991, trade between China and South Korea was up to \$5.8 billion, and in 1992, it was up to \$8.2 billion. This year, it is expected to reach \$10 billion. In 1978, trade between China and the ASEAN countries was only \$859 million; in 1988, it increased to \$3.818 billion, a 3.4-fold increase for the decade. There have been further large increases in recent years, reaching \$8.466 billion in 1992, 15 times again what it was in 1975. There is still tremendous potential for future development: At present, trade between China and ASEAN constitutes only about 5 percent of China's total foreign trade and just a little over 2 percent of that of ASEAN.

There are territorial questions which remain between China and some nations, legacies of history. China has always taken a very cautious attitude concerning these matters. Early in 1957, former Premier Zhou Enlai fully laid out for the National People's Congress China's principal considerations in resolving territorial issues, saying that, "We want to resolve territorial questions, with the goal of stabilizing our borders, to alleviate the international situation in a way that is beneficial to modernization, but without making our relationship with our neighbors tense." He went on to say that resolution of territorial questions must be linked with expanding the Five Principles of Peaceful Coexistence; we should seek resolution of these questions on a basis of treating both sides as equals, favorable to each other and to

friendship. The Chinese Government has conscientiously implemented the above principles and policies, treating each situation differently while being practical and realistic. It has resolved territorial questions with some neighboring countries fairly and reasonably, while some problems are currently being negotiated and there has been some progress. At the beginning of this year, when Foreign Minister Qian Qichen visited Laos, the two sides signed a "Territorial Agreement Between China and Laos." Concerning the issue of the Spratly Islands, the sovereign rights or which belong to China, the Chinese Government expressed the idea of "putting dispute aside, and developing together," and the positive response to this from relevant nations is growing by the day.

China was subjected to endless bullying and humiliation under hegemonism, so it will always oppose hegemonism and power politics. China will never seek hegemony for itself, never engage in expansionism or threaten other countries with military force, nor will China fill any so-called "vacuum" either, setting aside the fact that no "vacuum of power" exists in the Asia-Pacific region. On a per capita basis, China's military expenditure is only about \$6 at present, while the United States' is \$1,100 and Japan's is \$300; does this not make it clear that China's military expenditures are very low? China's military forces are completely used for defense, and it holds no military advantage in the region. The "China threat theory" is purely fictitious.

China is a developing nation with one-fifth of the world's population, and its present focus is on building its domestic economy. For over a decade, China has adhered to a basic national policy of reform and opening up to the outside world, with considerable achievements. China's opening up to the world is establishing a new pattern of multi-level, multi-channel opening in all directions. This requires the development of closer economic and trade relationships with every nation in the Asia-Pacific region, as well as the long term maintenance of peace, stability, and development throughout the region. China has a weak economic base spread over a vast area. Regional development is very unbalanced throughout the country, and the average GNP still puts it among the world's low income nations. In the livelihood of the people, the problem of getting sufficient food and clothing for everyone has just been resolved, so the common standard of living will not reach the point of being comfortably well off before the end of this century. Furthermore, achieving the planned strategic goal of bringing China up to the level of a medium developed country is still a long way off, and will take several decades of hard work. Even if it is a rich and strong nation at that time, China will still strive for continual improvement and prosperity in the people's standard of living, so will still need peace and stability in the Asia-Pacific region and throughout the world.

In summary, China's security and benefit are linked closely with the peace and stability of the Asia-Pacific region. China will work with each country in the Asia-Pacific region to achieve regional peace and development, moving forward hand in hand to promote greater stability and prosperity throughout the world.

NATIONL AFFAIRS, POLICY

Article on Mao Zedong's 'On New Democracy'

HK0402081194 Beijing JINGJI YANJIU in Chinese
No 12, 20 Dec 93 pp 16-25

[Article by Wang Haibo (3769 3189 3134) of the Industrial Economics Institute of the Chinese Academy of Social Sciences: "A Study on Mao Zedong's 'On New Democracy'"]

[Text] "On New Democracy" is a brilliant epoch-making work on Marxism written by Mao Zedong. Studying this work again not only helps remind us of the great achievements of Mao Zedong, but contributes to a correct understanding of history during those early days of New China, and enables us to gain useful insights into many theoretical and practical issues.

I. "On New Democracy" Includes Not Only "The Theory of New Democracy" But Also "The Theory of New-Democratic Society"

From materials that I have come across, since "the theory of new democracy" was first put forward, practically all discussions on the topic either wittingly or unwittingly treated "the theory of new democracy" as "the theory of new-democratic revolution" and made no mention (at least not clearly) of "the theory of new-democratic society." After the idea that "the transitional period is a new-democratic period" was put forward in 1953, whether or not there existed a new-democratic society independent and distinct from the transitional period became a theoretical problem. In 1955, the formulation "the transition from a new-democratic society to a socialist society" was reworded to read "the transition from capitalism to socialism." After this rewording, whether or not there existed a new-democratic society in theory again became a fundamental theoretical problem. It was only under the guidance of the Marxist ideological line of seeking truth from facts, which was restored at the Third Plenary Session of the 11th CPC Central Committee, that people began discussing these issues. For example, in his paper entitled "On the Historic Mission of 'The Theory of New-Democratic Society'" and his long article entitled "From 'The Theory of New-Democratic Society' to 'The Theory of the Primary Stage of Socialism,'" Yu Guanyuan [0060 0342 6678] systematically expounded, for the first time, the view that "the theory of new democracy" established by Mao Zedong included two closely related and inseparable components, namely, "the theory of new-democratic revolution" and "the theory of new-democratic society." (Footnote 1) (Yu Guanyuan: *Studies on Socialism in Political Economy*, Vol 5, People's Publishing House, 1991 (same below), pp 494-495) Bo Yibo also unequivocally pointed out in his famous work entitled "Reviews on Certain Major Policy Decisions and Events": "Some people said that this theory (that is, 'the theory of new democracy'—author) only applies to the period of new-democratic revolution. This is not true. It also covers the conception

of a new-democratic society." (Footnote 2) (Bo Yibo: *Reviews on Certain Major Policy Decisions and Events*, Vol 1, CPC Central Committee Party School Press, 1991 (same below), p 61) However, this question does not seem to have aroused too much interest among Chinese academic circles. As noted above, it will be useful in historical, theoretical and practical terms to acquire a clear understanding of this question.

In order to further illustrate that "the theory of new democracy" covers "the theory of new-democratic revolution" and "the theory of new-democratic society," it is necessary to analyze the basic ideas of these two theories. The basis on which Mao Zedong established "the theory of new-democratic revolution" was that "Chinese society as it exists today is colonial, semicolonial and semifeudal in nature." The international background of that society was: "After the first imperialist world war and the October Revolution in Russia," the "Chinese bourgeois-democratic revolution" "became an integral part of the world proletarian socialist revolution." (Footnote 3) (*Selected Works of Mao Zedong*, Vol 2, People's Publishing House (same below), pp 633, 666-667)

This being the nature of Chinese society, "it follows that the character of the Chinese revolution in its present stage is bourgeois-democratic, that its principal targets are imperialism and feudalism and that its basic motive forces are the proletariat, the peasantry and the urban petty bourgeoisie, with the national bourgeoisie taking part at certain times and to a certain extent; it also follows that the principal form of struggle in the Chinese revolution is armed struggle." (Footnote 4) (Ibid, pp 604) Later, this was summed up by Mao Zedong as: "A revolution against imperialism, feudalism and bureaucrat-capitalism waged by the broad masses of the people under the leadership of the proletariat. This is China's new-democratic revolution, and is the general line and general policy of the Chinese Communist Party in the present historical period." (Footnote 5) (*Selected Works of Mao Zedong*, Vol 4, pp 1316-1317)

This nature of Chinese society also determines that "the Chinese revolution must be divided into two stages. The first step is to change the colonial, semicolonial and semifeudal form of society into an independent, democratic society. The second is to carry the revolution forward and build a socialist society." (Footnote 6) (*Selected Works of Mao Zedong*, Vol 2, p 666)

The new-democratic society emerged as a great accomplishment of new-democratic revolution. As a theoretical reflection of this social practice, "the theory of new-democratic society" is also a natural conclusion derived from "the theory of new-democratic revolution." However, this is only the interrelated side of "the theory of new-democratic society" and "the theory of new-democratic revolution." The two theories are also different in other ways.

In order to show their differences, it is necessary to look at the history of this concept of new-democratic society.

Mao Zedong wrote his famous work *The Chinese Revolution and the Chinese Communist Party* in 1939. In this book, he not only systematically put forward the theory of new-democratic revolution, but put forward the basic notion of a new-democratic society. He said: "The whole picture will show the development of socialist as well as capitalist factors. What will the socialist factors be? The increasing relative importance of the proletariat and the Communist Party among the political forces in the country; leadership by the proletariat and the Communist Party which the peasantry, intelligentsia and the urban petty bourgeoisie already accept or are likely to accept; as well as the state sector of the economy owned by the democratic republic and the cooperative sector of the economy owned by the working people. All these will be socialist factors. With the addition of a favorable international environment, these factors render it highly probable that China's bourgeois-democratic revolution will ultimately avoid a capitalist future and enjoy a socialist future." (Footnote 7) (Ibid, p 650) However, the concept of new-democratic society was not yet used in this writing and was only used for the first time in "On New Democracy." After this, he also used this concept and other related concepts, such as "new-democratic state system" (or "new-democratic states") and "new-democratic economic forms" on several occasions. (Footnote 8) (*Selected Works of Mao Zedong*, Vol 3, p 1056; *Selected Works of Mao Zedong*, Vol 4, pp 1253, 1433, 1476) He also analyzed the politics, economics and culture of the new-socialist society on other occasions.

In short, in so far as the content of "the theory of new-democratic revolution" and "the theory of new-democratic society," goes, the former is about the nature, targets, tasks, motive forces, road and future of the Chinese revolution after the October Revolution in Russia, while the latter is about the politics, economics and culture of Chinese society after the victory of the new-democratic revolution.

However, the fulfillment of the above-mentioned tasks of the new-democratic society after the nationwide victory of the new-democratic revolution is not something that can be accomplished within a short time, but has to go through a historical period. Mao Zedong talked about "the entire historical period of new democracy" in "On Coalition Government," written in 1945. (Footnote 9) (*Selected Works of Mao Zedong*, Vol 3, p 1093) Here, "the entire historical period" primarily includes the time needed to complete the new-democratic revolution, but it also includes the time needed to fulfill the various tasks of the new democratic society. Mao Zedong further elaborated on this at the Enlarged Meeting of the Political Bureau of the CPC Central Committee in September 1948. At that meeting, Liu Shaoqi delivered a report entitled "On the Question of Building New Democracy." The central idea of the report is that after winning the democratic revolution, we cannot directly and immediately make the transition to socialism. He said: "We will

make 'Left' mistakes if we take steps to eliminate capitalism prematurely." Mao Zedong agreed with his view, but added in particular: "When should we make an all-out offensive then? Well, perhaps 15 years after nationwide victory." (Footnote 10) (Quoted from *Reviews on Certain Major Policy Decisions and Events*, Vol 1, p 47)

In this way, a distinction is made between the time needed to realize the new-democratic revolution and the time needed to realize the new-democratic society. Of course there are areas where the two overlap. This overlapping has a dual meaning: First, the time between the "May 4 Movement" in 1919 and the founding of the PRC is the time when the new-democratic revolution took place. However, between 1928, when revolutionary bases were established, and the year New China was founded policies of the new-democratic society were implemented at different times and to different extents in the revolutionary bases and the liberated areas. Second, the founding of New China marked the completion of the new-democratic revolution and the beginning of the new-democratic society. However, during this period, it was still necessary to fulfill some of the tasks left by the new-democratic revolution, the most important task being the completion of the land reform. On the whole, the new-democratic revolution began and finished earlier than the new democratic society. Although the new-democratic revolution ended prematurely, the period between the founding of New China in October 1949 and when the general line of the party for the transitional period was put forward and implemented in 1952 still constituted the new democratic revolution. This is because "The Common Program of the Chinese People's Political Consultative Conference," as a comprehensive program for the new-democratic society, was still realized quite thoroughly. This made Chinese society at this time a rather typical new-democratic society.

To sum up, whether we look at the whole process of the formation and development of "the theory of new democracy," or whether we look at the differences between "the theory of new-democratic revolution" and "the theory of new-democratic society" in terms of content, duration and the practical basis upon which they were formed, "the theory of new democracy" does include two interrelated yet different components, namely "the theory of new-democratic revolution" and "the theory of new-democratic society." It is simply not in accord with reality to understand "the theory of new democracy" only as "the theory of new-democratic revolution."

The formulation that the transitional period is a new-democratic period is also difficult to substantiate theoretically. The theory of transition was first put forward by Marx in "Critique of the Gotha Program" and was subsequently developed by Lenin in "Economics and Politics in the Era of the Dictatorship of the Proletariat."

It actually refers to the transition from capitalism to socialism in capitalist countries after the victory of the proletarian revolution. The new democratic society in China is a special period of social development after the victory of the new-democratic revolution in semifeudal and semicolonial China. Although during this period political and economic factors of socialism had the upper hand and its future lay in the realization of socialism, as a special social historical stage it was different in principle from the transition from capitalism to socialism.

Even from the perspective of Chinese history, it does not make sense to equate the transitional period with the new-democratic period. As noted above, China was a typical new-democratic society during the years between the founding of New China in October 1949 and 1952. China's transitional period covered the period between 1953 and 1956, when the party's general line for the period of transition was put forward and implemented. There is a clear distinction in time between the two. It is true that the socialist transformation of individual agricultural and handicraft undertakings and private capitalist industry and commerce had already begun during the years between October 1949 and 1952. However, during this period, the principal economic feature was still the implementation of the above-mentioned three major economic programs of the party for the new-democratic period, and what we had was the economic form of new democracy which comprised five economic sectors. There is a difference in principle between this and the principal economic feature of the subsequent transitional period, which was the transformation of various private ownership systems into socialist public ownership.

Meanwhile, the formulation "the transition from capitalism to socialism" does not hold water in whatever sense given the conditions in China. The reason is: China already had liberated areas before October 1949 while it was still a semicolonial and semifeudal society, and after that it existed as a new-democratic society. Where does the "transition from capitalism to socialism" come in?

Thus, as discussed above, the view that "the theory of new democracy" includes both "the theory of new-democratic revolution" and "the theory of new-democratic society" will stand despite the putting forward of new formulations, such as "the transitional period is a new-democratic period" and "the transition from capitalism to socialism."

II. "The Theory of New Democracy" Is Mao Zedong's Development of Marxism

Half a century has elapsed since the publication of "On New Democracy" in 1940. However, we still cannot claim that Chinese academia has fully grasped the great significance of "the theory of new democracy." Take for instance the recent academic dispute over "the theory of two leaps" and "the theory of three leaps" in the history of the development of socialism. The proponents of the first theory believe that the first leap in the history of the

development of socialism was when Marx and Engels turned socialism from a utopian dream into a science, while the second leap was the completion of the transformation of scientific socialism from its conventional mode into present-day socialism, which in China is socialism with Chinese characteristics. (Footnote 11) (GUANGMING RIBAO, 24 April 1993, p 3) The proponents of the second theory believe that there was another leap between the two mentioned above, and that was the development of Marxism by Lenin and Stalin. (Footnote 12) (GUANGMING RIBAO 21 July 1993 p 3) It is not my intention to give a full appraisal of these discussions here. However, it should be pointed out that they have all overlooked the fact that the putting forward of "the theory of new democracy" is also a leap in the history of the development of socialism; in other words, it is an epoch-making development of Marxism.

Marx and Engels no doubt brought about a leap in the history of the development of socialism by turning socialism from a utopian dream into a science. However, the founders of Marxism could not have answered the numerous new problems which were to determine the destiny of socialism (including the victory of socialism and the consolidation of the victory of socialism) after their deaths. For example, they once put forward two concepts: First, "the communist revolution will be no merely national one; it will be a revolution taking place simultaneously in all civilized countries, that is, at least in England, United States, France and Germany." (Footnote 13) (*Selected Works of Marx and Engels*, Vol 1, p 221) Second, "with the seizing of the means of production by society, production of commodities is done away with and, simultaneously, the mastery of the product over the producer. Anarchy in social production is replaced by systematic, definite organization." (Footnote 14) (*Selected Works of Marx and Engels*, Vol 3, p 323) However, neither of these two concepts conformed to the subsequent practice of socialism.

Based on his analysis of the basic economic and political characteristics of imperialism, particularly his analysis of the law of the unbalanced development of economy and politics, Lenin drew this conclusion: "Socialism may triumph first in a few capitalist countries, or even in a single country." Moreover, "the chain of the imperialist front must, as a rule, break where the links are weaker and, at all events, not necessarily where capitalism is more developed." (Footnote 15) (*Selected Works of Lenin*, Vol 2, p 709; Stalin: *The Question of Leninism*, p 22-23) Thus, Lenin replaced the outmoded theory of socialist revolution put forward by the founders of Marxism with the new theory of socialist revolution under the new historical conditions of imperialism. We can see clearly that without the guidance of this new theory, there could not have been the victory of the October Socialist Revolution in Russia in 1917, or, for that matter, the birth of a string of socialist countries after World War II. Thus, we should regard this new theory and the theory of the dictatorship of the proletariat put forward by Lenin as an epoch-making development of the theory of scientific socialism.

On the second concept, if we had followed in the footsteps of the former Soviet Union and the socialist countries in Europe, we would not have been able to consolidate the socialist system. It was Deng Xiaoping who, with the great courage and resolution of a proletarian revolutionary and guided by the universal principles of Marxism, negated this concept on the basis of a scientific summing up of the practice of socialism. He also put forward step by step the theory of the socialist market economy and the general principle of reform and opening up after the Third Plenary Session of the 11th CPC Central Committee. Under the guidance of this theory and principle, China has attracted worldwide attention with its achievements in economic structural reform and its economic development, which is mainly the work of reform. Thus, while the socialist countries in Europe were falling apart one after another, China's socialist cause flourished as never before. Thus, the theory of socialism with Chinese characteristics (which includes the theory of socialist market economy) put forward by Comrade Deng Xiaoping and further summed up by the 14th CPC National Congress in 1992 should be seen as another epoch-making development of Marxism.

In these respects, we do not disagree in principle with "the theory of two leaps" (for the most part) or "the theory of three leaps" (in its totality). However, for the purpose of this article, what we need to analyze is the notion that "the theory of new democracy" is also an epoch-making development of Marxism.

It should be affirmed that the concept of the leadership of the proletariat in the bourgeois-democratic revolution put forward by Marx and Engels, and particularly many of Lenin's and Stalin's ideas about national liberation movements in colonies no doubt provided important guidance in the formation of "the theory of new-democratic revolution." However, as an integrated theory, "the theory of new-democratic revolution," particularly as an integrated general line and formula for new-democratic revolution like "the revolution of the masses of the people led by the proletariat against imperialism, feudalism and bureaucratism" was entirely Mao Zedong's own creation. Moreover, it was under the guidance of "the theory of new-democratic revolution" that China, which accounted for a large proportion of the world's population, won a victory in its democratic revolution and paved the way for the subsequent victory of the Chinese socialist revolution. Thus, it is wrong to deny "the theory of new-democratic revolution" as an original idea of Mao Zedong's when we see that this theory includes the ideas of Marx and Engels, and particularly the ideas of Lenin and Stalin. This is the first point I want to make.

Second, although "the theory of new-democratic revolution" has Chinese characteristics, its basic content still had universal significance as a guiding principle for revolutionary movements in colonies and semicolonies after the October Revolution in Russia. Mao Zedong noted the following in "The Chinese Revolution and the

Chinese Communist Party": "We call this special type the new-democratic revolution and it is developing in all other colonial and semicolonial countries as well as in China." (Footnote 16) (*Selected Works of Mao Zedong*, Vol 2, p 647) He also wrote in "On New Democracy": "In the era after the October Socialist Revolution in Russia, 'any revolution in a colony or semicolony that is directed against imperialism ... no longer comes within the old category of the bourgeois-democratic world revolution, but within the new category.'" (Footnote 17) (*Ibid*, pp 667-668) It should also be noted that in the era of the proletarian socialist world revolution, although the proletariat of capitalist countries constituted the main force, and the oppressed peoples in the colonies and semicolonies were the allies, the latter played a decisive role in the proletarian socialist world revolution because they made up a large proportion of the world population. Thus, as a guiding ideology for national-democratic revolutions in colonial and semicolonial countries, "the theory of new-democratic revolution" was of immense international significance.

Third, if we look at how socialist countries in Europe fell apart one after another in the late 1980s and early 1990s, we can see that the victory of the Chinese revolution, as well as the existence and development of socialist China as a result, are of decisive importance to the world socialist revolution. Of course there are many reasons why China's socialist system can be consolidated, the most decisive reason being the systematic implementation of market-oriented economic structural reforms, yet taken all in all, it is because the consolidation of China's socialist system always has the victory of the Chinese revolution as its precondition.

Based on the above analysis, we have every reason to regard "the theory of new-democratic revolution" as an important aspect of the epoch-making development of Marxism.

However, while "the theory of new-democratic revolution" includes many of the ideas expressed by Marx and Engels, and particularly by Lenin and Stalin, "the theory of new-democratic society" takes its place in the history of the development of Marxism as something new. Here it is mainly a development of the doctrine of socioeconomic forms with historical materialism as its basic content. According to the concept of Marxism, there are the following five chronologically arranged socioeconomic forms in the history of the development of human society: Primitive communist society—slave society—feudal society—capitalist society—communist society (including the socialist stage and the communist stage). In addition, there are also other nonfundamental socioeconomic forms. For example, semicolonial and semi-feudal China was a nonfundamental socioeconomic form, and the new-democratic society established in China after the new-democratic revolution was another nonfundamental socioeconomic form. However, this new-democratic society not only existed in China, which had the largest population, but also existed in Russia after the victory of the October Revolution and in all

colonial and semicolonial countries after the victory of their democratic revolutions. Hence, it is of widespread international significance.

Furthermore, with "the theory of new-democratic society" guiding practice in the first three years following the founding of New China, semicolonial and semifeudal China was turned into a new-democratic society on the basis of its victory in the democratic revolution. This was the first new-democratic society established in populous China in the history of mankind. "The theory of new-democratic society" also guided the restoration of the national economy during this period. This enabled us to achieve great successes which amazed the world within three short years in spite of immense difficulties, and laid a solid foundation for the subsequent victory of the socialist system in China.

Thus, given that "the theory of new democracy" (including "the theory of new-democratic revolution" and "the theory of new-democratic society") developed Marxism in such significant ways, and that it comprehensively and systematically paved the way for the development of the national-democratic revolution in colonial and semicolonial countries, which occupied an important position in the proletarian socialist world revolution and accounted for a large proportion of the world population, and for the realization of socialism after winning the revolution, it is not unjustified to call it an epoch-making development of Marxism.

Regrettably, China prematurely ended the new-democratic society in 1952 and entered the transitional period in accordance with Lenin's theory of transition in 1953. Because of this, the role of "the theory of new-democratic society" had not been fully brought into play, and its great significance at home and in the international arena had not been fully demonstrated.

However, after 45 years of practice following the founding of New China, it is now possible for us to compare the conditions during the periods 1949-1952 and 1978-1993 with those during the years between 1953 and 1977. This will enable us to come to the conclusion that if, after 1953, we had not followed Lenin's path of transition but had, instead, taken the above-mentioned road of "the theory of new-democratic society," that is, the road of "new-democratic society" started by Mao Zedong and developed by Liu Shaoqi, around the time of the founding of the people's republic, then China would have fared much better in socioeconomic development, the buildup of its overall national strength, the improvement of the people's livelihood, and so forth after 1953. (Footnote 18) (Bo Yibo did a good job of summing up the "concept for consolidating the new-democratic system" advocated by Liu Shaoqi between 1948 and 1951. He was also correct in the following comment: "I believe that Comrade Shaoqi's conception in fact originated from Chairman Mao's ideal. They are basically in agreement on major issues" (*Reviews on Certain Major Policy Decisions and Events*, Vol 1, pp 46-61)

However, the second road is different from the first not because there are contradictions and struggle between socialist factors and capitalist factors, not in the fact that it gives priority to the development of the socialist economy, not in its transitional nature, or in the fact that it will lead to the socialist society. Both roads are basically the same in these respects. The difference between the two lies in the following: First, in so far as their original meaning is concerned, the former refers to the period of transition from capitalism to socialism after the victory of the proletarian revolution in capitalist countries, while the latter refers to the special stage of social development toward socialism after the victory of the new-democratic revolution in semicolonial and semifeudal countries. According to the first road, we will actually regard the old Chinese society as a capitalist society rather than a semicolonial and semifeudal society, and will not observe the need to develop social productive forces in the transformation of the capitalist economy. Thus, even if we have the subjective will to develop social productive forces, and have even given careful consideration to the need to develop social productive forces in the steps, form and method for the transformation of the capitalist economy, in having skipped the stage of the new-democratic society in our strategy for reforming the capitalist economy, we will end up giving priority to changes in the relations of production rather than to the development of social productive forces. According to the second road, we will proceed from the actual national conditions of the backward productive forces in our semicolonial and semifeudal society prior to the victory of the revolution, and take the development of social productive forces as our central task. In this way, we will truly observe the need to develop social productive forces in the transformation of the capitalist economy.

Second, it is true that according to the first road, we could have adopted the method of transformation rather than the confiscation of capitalist economy, but even so, we would still have taken the transformation of capitalist economy as our fundamental task as soon as the period of transition started. It is precisely this which fundamentally determines that we cannot, while restricting the negative role of the capitalist economy (its harm to the national economy and the people's livelihood), fully bring its positive role (its benefits to the national economy and the people's livelihood) into play. This is particularly true in China, where we completed the socialist transformation of capitalist economy only three years after the transitional period started. Mao Zedong was aware of this up to a point. He advocated in December 1956 that after the basic completion of the socialist transformation of the private ownership of the means of production in our country, we should continue to implement "new economic policies" for some time, and preserve and develop some "private industry and commerce," "husband-and-wife stores" and "free markets." He also said that "big private factories may be opened, ... and should not be confiscated after 10, 20 years." "Those funded by overseas Chinese should not

be confiscated even after 20 or 100 years." "We can open investment companies, ... and engage in either state-owned undertakings or private undertakings." "After abolishing capitalism, we can engage in capitalism again." (Footnote 19) (Quoted from *Reviews of Certain Major Policy Decisions and Events*, Vol 1, pp 64, pp 433-434) Of course this does not mean a return to the new-democratic society which spanned the years between October 1949 and 1952. Rather, this means achieving, to a certain degree, the ownership structure suited to the initial stage of socialism as put forward by the Third Plenary Session of the 11th CPC Central Committee in 1978. In other words, we should, while ensuring the dominant role of socialist public ownership, suitably preserve and develop some individual, private and foreign-operated economic undertakings.

In following the second road, naturally we should also restrict the negative role of capitalism and ultimately abolish capitalism and realize socialism. However, this should be realized not by way of confiscation or transformation, but through "economic competition" between socialism and capitalism. In this process, "the weighting of socialist and semisocialist economic sectors will gradually increase, while the weighting and role of private and individually operated economic sectors will be relatively reduced ... in order to steadily but surely realize socialism." In adopting socialist steps, "the state should not resort to confiscation, but should rather persuade the capitalists to continue to run their factories by offering compensation and high salaries. (Footnote 20) (Ibid, pp 53, 59)

Third, following the first road, we had, as can be seen in events that took place in China, basically completed the socialist transformation between 1953 and 1956 shortly after the restoration of the national economy in 1952 without a solid foundation of modern industry.

According to the second road, after going through the new-democratic society, "industry and agriculture would have seen substantial progress. The state would be in a much stronger position to lead the economy. ... Economic management cadres would have matured and increased in number. Party technocrats would have developed, and the worker-peasant alliance would have become much better consolidated politically and economically. That is the time to take steps to make the transition to socialism." (Footnote 21) (Ibid pp 60-61) It is quite obvious that all these are important conditions for smoothly advancing socialism, bringing into play the superiority of the socialist system, and promoting the development of social productive forces.

In short, taking the first road implies acting in accordance with Lenin's theory of transition. It also means basically taking over the planned economic structure originating from the theories of Marx and Lenin and later established by Stalin. Thus, in 1956, a planned economic structure which was mainly characterized by its unified socialist public ownership system (mainly state-ownership) and which chiefly relied on mandatory

plans and rejected the market mechanism was established in the main. This not only rendered it impossible to fully bring the positive role of the capitalist economy into play, but became a fundamental reason why the Chinese economy did not make much progress for a long time thereafter.

A popular view today is to attribute our failure to achieve economic progress for many years after the socialist transformation to the havoc wrought by the "Great Leap Forward," and particularly the decade-long "Cultural Revolution." On the surface, this view is no doubt correct, but the fundamental reason still rests with the planned economic structure, although it is true that the "Great Leap Forward" was indeed touched off by the investment expansion mechanism of the planned economic structure. The "overconcentration of power" that sprang out of the highly centralized planned economic structure "was one important cause of the 'Cultural Revolution.'" (Footnote 22) (*Selected Works of Deng Xiaoping (1975-1982)*, p 289)

Of course we are not trying to deny that the basic completion of socialist transformation within a short span of three years in a big country with a population of several hundred million is an unprecedented achievement in the history of the development of the socialist movement. Nor are we denying the great groundbreaking achievements scored during the transformation. The following are some of the major achievements: New forms of transition were adopted in the socialist transformation of individual agricultural and handicraft undertakings and capitalist industry and commerce; in addition to the majority of peasants and handicraftsmen, many bourgeois elements also accepted the socialist transformation without showing too much of a grudge; rather than taking a plunge, social production achieved relatively sustained, steady and rapid development (compared with the First Five-Year Plan and many subsequent plans).

However, seen over the long term, our analysis of the negative effects of the first road still holds water.

If we had taken the second road, we would have been able to fully exploit the positive points of capitalism and ultimately completed the transformation, and we would have been able to promote the sustained development of productive forces and realized socialism. This means that we not only would have opened up the road of "new-democratic revolution" in semicolonial and semi-feudal China, but also would have opened up a new road of "new-democratic society" after winning the revolution. This would have made "the theory of new democracy" so much greater in theory and practice, at home and abroad.

However, there is another point of view which is also worth discussing here. In recent years some scholars have put forward the view that "the theory of new-democratic society" may have continued to play a direct

guiding role in "the theory of the initial stage of socialism." In other words, they are saying that Chinese society could have entered the initial stage of socialism from the new-democratic society. Strictly in theoretical terms, it is no doubt correct to say that "Chinese society could have entered the initial stage of socialism from the new-democratic society." But even then, whether or not "the theory of new-democratic society" could have continued to play a direct guiding role in "the theory of the initial stage of socialism" is open to question. "The theory of new-democratic society" makes no mention of the socialist market economy. In any case, seen from the practice of new democracy between October 1949 and 1952, there was already an embryonic form of the planned economic structure and we were already developing in that direction. The establishment of the socialist market economy is a basic component of "the theory of the initial stage of socialism." Of course this does not mean that the market economy exists only in the initial stage of socialism but not in the intermediate and advanced stages. Nonetheless, the market economy remains an indispensable basic component of "the theory of the initial stage of socialism." Thus, although we could, under the guidance of "the theory of new-democratic society," prepare important grounds for China's advance from a new-democratic society into the initial stage of socialism, it is not altogether correct to think that we could give shape to the initial stage of socialism as proposed step by step after 1978 merely by relying on the guidance of "the theory of new-democratic society" without developing it (particularly the theory on the development of the socialist market economy) and putting it into practice.

The above analysis of the two roads was made on the basis of practice during the 45 years since the founding of the people's republic, and questions were raised from the angle of past experience. In reality, however, it is by no means easy (or not altogether possible) to follow the guidance of "the theory of new-democratic society," and it is difficult not to follow the guidance of Lenin's "theory of transition." Here, we are not going to concern ourselves with other social reasons (including the well-meaning desire to hastily make the transition to socialism), and will instead venture to discuss the reasons from the perspective of Marxist epistemology. Mao Zedong wrote the "Decision of the CPC Central Committee on Certain Problems in Our Present Rural Work (Draft)" in 1963. In this document, he made good use of Marxist epistemology first put forward in his 1937 article, "On Practice." He wrote: "Often, correct knowledge can be arrived at after many repetitions of the process leading from practice to knowledge and then back to practice again." This is also true of our present issue. In 1952, due to limitations in practice and understanding, the question of whether China should follow the road of "the theory of new-democratic society" or the road of "the theory of transition" baffled not only the vast numbers of party cadres but also the party's highest policymakers. This in a way shows that while Mao Zedong himself established "the theory of new-democratic society," he

also ended this society prematurely; and that while Liu Shaoqi had upheld and developed "the theory of new-democratic society" for a long time around the time of the founding of the people's republic, he only fully accepted it at long last after repeated criticism by Mao Zedong.

III. Some Useful Insights Given to Us by "The Theory of New Democracy" Established by Mao Zedong

Whether in establishing "the theory of new democracy" (including "the theory of new-democratic revolution" and "the theory of new-democratic society"), or in ending the new-democratic society prematurely, Mao Zedong gave us many useful insights that are full of practical significance.

First, we must always seek truth from facts. Upholding this principle means fundamentally upholding Marxist dialectical materialism. In the final analysis, Mao Zedong could establish the scientific "theory of new democracy" because he took as his point of departure the semicolonial and semifeudal society which was the basic national condition. This is expressed most clearly on the question of the united front with the national bourgeoisie and the armed struggle, which formed the basic characteristics of the Chinese revolution. Mao Zedong ended the new-democratic society prematurely partly because he overlooked our national conditions.

Second, we must always keep abreast of the need to develop social productive forces. Upholding this principle means fundamentally upholding Marxist historical materialism. In directing the revolution against imperialism, feudalism and bureaucrat-capitalism in "the theory of new democracy," taking the national bourgeoisie as one of the motive forces of the revolution, and making use of the positive aspects of capitalism while restricting its negative aspects in the new-democratic society after winning the revolution, Mao Zedong took the development of social productive forces in China as his basic point of departure. In this sense, transformation of ownership is the means, while the development of productive forces is the end. (Footnote 24) (See Zhou Shulian [0719 0647 5571]: "Ownership Is an Economic Means," JINGJI SHEHUI TIZHI BIJIAO [COMPARISONS BETWEEN ECONOMIC AND SOCIAL STRUCTURES], 1993 No. 5, pp 26-29) Mao Zedong ended the new-democratic society prematurely partly because he overlooked the need to make use of the positive aspects of capitalism.

Third, we must uphold the integration of the universal truth of Marxism with concrete practice in China, and oppose "Left" and right erroneous tendencies, particularly "Left" dogmatism. Upholding this principle means upholding Marxism in its most complete form. The fundamental mistake of the right opportunist theories put forward by Chen Duxiu [7115 3747 4423] during the period of democratic revolution lies in his negation of

the universal truth regarding the leadership of the proletariat and the worker-peasant alliance in Marxism-Leninism. The fundamental mistake of the three "Left" opportunist deviations, particularly the "Left" opportunist theories of Wang Ming [3769 2494], lies in their mechanical copying of the methods of proletarian revolution in capitalist countries. This is expressed most clearly in the way we dealt with the national bourgeoisie and in the road we followed in armed struggles. "The theory of new democracy" is a classic example of the integration of the universal truth of Marxism with concrete practice in China. However, Mao Zedong prematurely ended the new-democratic society. To a certain degree, he was affected by dogmatism. Here, the most important reasons why words like "to a certain degree" and "affected" are used have been discussed in the previous paragraphs. They are: There are many points in common between the transition from capitalism to socialism and the new-democratic society; there are objective conditions for their implementation; there are many creations in the course of implementation; and the result is successful (although it has brought about serious negative effects). The significance of this theory lies in its distinction in principle from "Left" dogmatism during the period of democratic revolution. Later we mechanically copied the methods of foreign countries. With the absence of objective conditions, the revolution ended in failure.

Fourth, we must thoroughly study and widely publicize the basic theories of social development, truly achieve unity of understanding in the party's highest policy-making circles, and see to it that these theories take root in the minds of the vast numbers of cadres. In this respect, "the theory of new-democratic revolution" is a classic example. This theory reached the peak of its development at the Seventh CPC National Congress held in 1945. Through publicity, unity of understanding was achieved in the whole party, and the theory was truly grasped by all cadres. This was an important reason why we were able to win the War of Liberation less than four years after winning the War of Resistance Against Japan. By comparison, "the theory of new-democratic society" seems lacking in something. This is primarily due to restrictions in objective reality. However, it is also true that due to insufficient study and publicity, many cadres did not understand that "the theory of new democracy" included "the theory of new-democratic society" in addition to "the theory of new-democratic revolution." This was an important reason why the party's general line for the transitional period was adopted without a hitch in 1952. Reviewing the historical experience of this period is of great immediate significance to our present efforts to adhere to and implement the call made by Deng Xiaoping in early 1992 that "the party's basic line should be in force for 100 years." Of course, in order to do so, we cannot simply study and publicize the party's basic line. We must also uphold the party's democratic centralism, develop socialist democracy and strengthen the socialist legal system.

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[By Liu Guoguang (0491 0748 0342), From the Chinese Academy of Social Sciences, edited by Lin Li (2651 4539): "Study Mao Zedong Economic Thought, Open Up a Road Which Will Make the Country Strong and the People Prosperous"—first paragraph is author's note]

[Text] In the course of writing this article, I received the assistance of Comrades Mao Liyan [3029 4539 6056], Xiang Qiyuan [7309 0796 3293], Yu Zuyao [0060 4371 1031], Fang Liubi [2455 3966 4310], and I offer them my sincere thanks.

Mao Zedong economic thought is an important component part of Mao Zedong Thought. It is a theory founded on the basic principles of Marxism-Leninism which Mao Zedong used to examine and understand the nature of the Chinese social economy and through the grasping of which a gradual revolutionary transformation of the Chinese economy was effected. It is a theory which determined the economic form which was adopted after the victory in China's revolution and the way in which this was to be transformed into a higher form. It was a theory by which China was to shake off poverty and backwardness and move towards industrialization and modernization. This theory was produced during the revolutionary struggle, developed through a process of continual expansion, and is the crystallization of the collective wisdom of Communist Party members represented by Mao Zedong.

I.

The revolutionary movement under the guidance of Marxism was for liberating and developing the social productive forces and promoting the progress society. Thus, if there was a desire to promote change and development in Chinese society, it was first necessary to clearly understand the nature and characteristics of Chinese society. As Mao Zedong said: "Clearly understanding China's national situation is the basic foundation for clearly understanding all problems of the revolution." (Footnote 1) ("The Chinese Revolution and the Chinese Communist Party" from *Selected Works of Mao Zedong*, Vol 2, p 633) If one wanted to scientifically understand the nature of society and the national situation of China, it was necessary to uphold the only correct cognitive avenue of combining the basic principles of Marxism-Leninism with the realities of China.

Mao Zedong creatively used the stand, viewpoint, and methods of Marxism to examine and understand the China's society and economy. At the end of 1939 and the beginning of 1940, he summed up the results of research in the 1920's and 1930's on the question of the nature of society in our country. In "The Chinese Revolution and the Chinese Communist Party," "On New Democracy," and other such works, he provided a complete and

scientific understanding and representation of the nature of the modern Chinese socioeconomic pattern.

Mao Zedong pointed out that the historical development of China's society was also governed by the common laws of socio-historical development and that the disintegration of China's feudal society was the inevitable result of socio-historical development. "The development of the commodity economy within China's feudal society already carried within it the sprouts of capitalism. Even without the influence of foreign capitalism, China would still have slowly developed into a capitalist society." (Footnote 2) (Ibid, p 626)

The invasion of foreign capital played a role in breaking down China's feudal economy and promoting the development of capitalism. It created various objective conditions and possibilities for the emergence and development of Chinese capitalism by breaking down the natural economy base and developing an urban commodity economy. Thereby, the sprouts of capitalist production relations which had long been carried within the feudal society saw a certain development. On the other hand, the invasion of foreign capital also obstructed the development of Chinese capitalism. The imperialists, for their own interests, linked up with China's feudal forces and constricted China's national capitalism, so that it could not develop and expand normally. Thus, it was unable to become the main form in China's social economy and China did not become a capitalist society. In this way, modern China gradually evolved into a semi-feudal society where a weak capitalist economy and a major semi-feudal economy coexisted.

Mao Zedong also pointed out that the invasion of foreign capitalism not only changed China into a semi-feudal society but also changed an independent China into a semi-colonial country. "The aim of the imperialist powers in invading China was certainly not to change feudal China into a capitalist China. The aim of the imperialists was the opposite of this. They wanted to change China into their semi-colonies and colonies." (Footnote 3) (Ibid, p 628)

The 100 years of history following the Opium War was a bloodthirsty one whereby the imperialists used all sorts of measures to change a feudal China into a semi-feudal, semi-colonial society.

The nature and situation of China's society determined that the main contradictions was that between feudalism and the masses of people and also determined that the main targets of the Chinese revolution were imperialism, bureaucratism, and feudalism. On the basis of a scientific analysis of the nature of China's society and a knowledge of the processes of history worldwide, Mao Zedong accurately grasped the basic historical process of the new-democratic revolution led by the Chinese proletariat and revealed the most basic patterns of China's revolution. He pointed out that as the task of the revolution in semi-colonial, semi-feudal China was to oppose imperialism and feudalism, this determined that

the historical course of the Chinese revolution must be divided into two steps. The first step was the democratic revolution and the second step was the socialist revolution. These were two revolutionary processes of different natures. The first step was for overthrowing the imperialist powers and the rule of feudalism in China, and changing the colonial, semi-colonial, and semi-feudal forms, so that they would constitute an independent, democratic society. The second step would be, in accordance with the principles of scientific socialism and the laws of social development, to push the revolution forward and establish a socialist society, thereby truly realizing the dream of a strong country and a prosperous people, a dream which all persons with lofty ideals and all Chinese people have had for the last century.

The aim of the new-democratic revolution which was led by the Communist Party was to liberate the productive forces. Thus, when deciding on the stages and targets of this revolution, it was done strictly in accordance with the demands of developing the productive forces. Mao Zedong pointed out: "The policies and practices of all political parties in China, and whether or not their effects on the people are good or bad and great or small, can, in the end, be decided by observing whether or not they are helpful, and how helpful they are, to developing the productive forces of the Chinese people and observing whether they fetter the productive forces or liberate them." (Footnote 4) ("On Coalition Government" from the *Selected Works of Mao Zedong*, Vol 3, p 1079) The economic program for the new-democratic revolution and the economic construct for the new-democratic society put forward by Mao Zedong were both formulated in accordance with this basic principle of Marxism.

The economic program of the new-democratic revolution was the basic program for carrying out revolutionary transformation of the economic system of the semi-feudal, semi-colonial society. The formation of this program involved a long process of exploration and deliberation. After the new-democratic economic thinking sprouted during the land reform period, through arduous exploration and the accumulation of positive and negative ideological materials, by the time of the Anti-Japanese war period, a basic system had been formed. During the war of liberation this was further enriched and it gradually moved toward maturity. The putting forward of the three major economic programs was the centralized manifestation of Mao Zedong's new-democratic economic thinking which had moved toward maturity through a long period of development. In "The Present Situation and Our Tasks," which he wrote in December 1947, Mao Zedong pointed out: "Confiscating the land of the feudal classes and returning it to the peasants, confiscating the monopoly capital headed by Jiang Jieshi, Song Ziwen, Kong Xiangxi, and Chen Lifu, and returning it to new-democratic state ownership, and protecting national industry and commerce are the three major economic programs of the new democratic revolution." (Footnote 5) ("The Present Situation and Our

Tasks" in *Selected Works of Mao Zedong*, Vol 4, p 1253) The three major economic programs from the high level of overall policy, overcame the "Leftist" and rightist tendencies, especially the continually appearing "Leftist" tendencies, which had existed for a long time. Thereby, they laid a firm base for victory in the new democratic revolution

The basic economic idea and basic economic policy of confiscating the land of the feudal landlord class and returning it to the peasants had long been put forward and realized by our party and by Comrade Mao Zedong. The changing of the feudal land system was one of the basic tasks of the new-democratic revolution and was a change of huge historical significance for the basic structure of Chinese society. This change in the basic economic structure not only meant that the reactionary old politics and the corrupt old culture lost their basis for existence but also opened a road for the new politics, new economics, and new culture of the new democracy. This created the necessary preconditions for China to make the changeover from a long-stagnant agricultural country to an industrial one.

The semi-colonial and semi-feudal nature of China's society resulted in the emergence, existence, and activities of capitalism becoming extremely complex. This complexity determined that it was extremely difficult to understand and handle this question. In the three economic programs, Mao Zedong put stress on analyzing the different natures of bureaucratic capital and national capital and the different roles they played in the development of the productive forces. On this basis, he formulated different policies in respect of bureaucratic capital and national capital. Bureaucratic capital was monopoly-nature, compradore, feudal, state-monopoly capital. It was also capital which was joined with autocratic political power and which engaged in supra-economic exploitative plunder. This characteristic determined that it played a seriously obstructive role in respect of developing the social productive forces. The program involving the confiscation of bureaucratic capital and returning it to the the new-democracy state was put forward in accordance with the nature and historical role of bureaucratic capital and on the basis of the principle of "exploiting the exploiters." It was an extremely important program for eradicating, in an overall way, corrupt relations of production, to switch the direction of development of the entire national economy. As its targets had multiple links in the semi-feudal, semi-colonial economy and had special natures, this program had a dual democratic-revolution and socialist-revolution nature.

The program to safeguard national industry and commerce was a centralized summary of the CPC's understanding of the position and role of national capital in a semi-colonial, semi-feudal society and in the process of transformation to the future society. National capitalism could still play a full and positive historical role in the development of the Chinese economy. Mao Zedong pointed out that because of the backwardness of the

Chinese economy, "even with the victory of the revolution throughout the country, for a long time, it will still be necessary to allow it to exist and, in accordance with the division of work of the national economy, all such industry and commerce which is beneficial to the national economy will need to see development." (Footnote 6) (Ibid pp 1254-55)

Another important component part of Mao Zedong's new-democratic economic thought was his ideas on the new-democratic economic structure. The new-democratic economic structure was a result of engaging in a new style of democratic revolution in respect of the semi-feudal, semi-colonial socioeconomic forms. Mao Zedong pointed out that the characteristic of the new-democratic economic structure was that diverse economic components coexisted. He believed that during the new-democratic revolution stage, and after the new-democratic revolution achieved victory, the social economy would be constituted through three components—state operations, private operations, and cooperative operations. The state operations would, under the leadership of the proletariat, be "jointly owned by the ordinary people" and controlled and operated by the new-democratic state. This type of economy was, in its nature, already socialist. The cooperative operations also already had socialist elements. The private operations included both private capitalist operations and individual operations by the people. In addition, there was also state capitalism whereby the state cooperated with private enterprise. In this way, the five components of state-run economy, cooperative economy, private capitalist economy, individual labor economy, and state capitalism formed the new-democracy economic pattern. The abovementioned general concept of the new-democratic economy put forward by Mao Zedong had already been put into effect in the revolutionary base areas and very great achievements had been realized. The full development of the new-democratic economic theory in practice formed the base area economic construction thought which was rich in contents. The base areas' new-democratic economic construction thought and practice made a major contribution to victory in the revolutionary war, providing valuable experiences and lessons for economic construction after victory in the revolution. Mao Zedong pointed out that the nature of the new-democratic economy was noncapitalist and that it was a "transitional stage" in the switch from semi-colonial, semi-feudal society to socialist society. (Footnote 7) ("The Chinese Revolution and the Chinese Communist Party" from the *Selected Works of Mao Zedong*, Vol 2, p 647)

II.

After victory in the democratic revolution, how would the semi-colonial, semi-feudal society make the transition to socialism? Proposing a transitional new-democracy society as an intermediate step in the switch towards socialism was an idea put forward by Mao Zedong prior to victory in the new-democracy revolution and this is where the special nature and creativity of this

theory of revolutionary change lay. Back in March 1940, Mao Zedong had pointed out that new-democracy would be temporary and transitional. It was a "step ladder" and that later we would proceed "upstairs." As to the conditions determining and controlling this change, Mao Zedong also provided clear answers on the theoretical level at a very early date. In December 1935, he pointed out: "Before we have reached a stage where all due political and economic conditions are available, and before we have reached a time where the changes will be advantageous and not disadvantageous to the vast majority of people throughout the country, we should not lightly discuss transformation." (Footnote 8) ("On the Policies for Opposing Japanese Imperialism" from the *Selected Works of Mao Zedong*, Vol 1, p 160) In March 1949, in his report to the Second Session of the the Seventh CPC Central Committee, Mao Zedong noted that in the economy of Old China, modern industry constituted only about 10 percent of the total, while agriculture and handicraft industries constituted about 90 percent of the total. He pointed out that this was the manifestation on the economic level of China's semi-colonial, semi-feudal society and that this would be the basic point of departure in handling all issues during the Chinese revolution and for quite a long time after victory in the revolution. Proceeding from this point, it was believed that after the establishment of our new state, we should establish a new-democratic economic form. Mao Zedong pointed out: As China's economic legacy is backward, for quite a long time after victory in the new-democracy revolution, it will be necessary to carefully, gradually, and positively guide the dispersed individual agricultural economy and handicraft industry economy to develop in the direction of modernization and collectivization. Through putting efforts into developing the productive forces, we will have to change China gradually from an agricultural country into an industrial country and create a strong economic base. Otherwise, it will be impossible to develop from a new-democratic society into the future socialist society. Although at this time we cannot say that our understanding and grasp of the economic conditions necessary to effect this change are very specific, we do already have a quite real and concrete understanding and grasp of the actual contents and basic standards for realizing industrialization. This understanding and grasp are firmly based on the process of the development of the productive forces. Mao Zedong and other party leaders estimated that this would require at least 10 and perhaps 15 to 20 years to realize.

By 1952, the national economy had recovered and surpassed the predicted targets but some new contradictions in economic life had appeared and accumulated. These contradictions were mainly manifested in the fact that, after the land reforms, the dispersed and backward individual operations by farmers were having difficulty satisfying the continually increasing demand for grain and agricultural product raw materials by cities and industries. Also, the appearance of polarization between the rich and the poor forced CPC members to think

about the problem of which direction the individual economy was developing. In the cities, the struggle between the working class, the state-owned economy and the bourgeoisie over whether or not to restrict had gone through several rounds. The struggle had not been resolved and at that time was seeing fluctuations which greatly affected the the state's economic life. The large-scale development of industrialization led to an exacerbation of these contradictions, meaning that the party and Mao Zedong had no option but to consider speeding up and expanding the mutual-aid and cooperation movement in the rural areas and the measures to restrict capitalism in the cities. This inevitably pushed the task of socialist transformation onto the agenda. It was with this background that the party's general line for the period of transition was put forward. This was: For quite a long period, the socialist industrialization of the country will be gradually realized and there will be gradual implementation of the state's socialist transformation of agriculture, the handicraft industry and capitalist industry and commerce. This general line clearly put forward to the people of the whole country the great task of building socialism. The party central committee held that clearly setting down for the whole party and the people of the whole country the task of gradually achieving the transition to socialism and predicting that this would be completed in 15 years or longer, was appropriate and necessary. The original plan was, after establishing the state, to continue to engage in new democracy for a time and only after some years to consider the question of making the changeover to socialism. Putting forward the general line meant that the original theoretical idea saw a certain degree of change and the schedule was brought forward. The stage of new-democratic construction which was referred to originally, at the same time, also became the period for making the transition from new democracy to socialism.

The party's general line for the period of transition was an organic unity involving the development of the productive forces and the changing of production relations. It was a line by which socialist construction and socialist transformation saw concurrent progress. Gradually realizing socialist industrialization of the country and developing the productive forces was the main part. Engaging in socialist transformation of agriculture, handicraft industries, and capitalist industry and commerce constituted the change of the production relations. These two wings were for the task of serving industrialization. At that time it was estimated that completing this task would require three five-year plans, or 15 years. A further three-year recovery period totaled 18 years. As compared with the originally envisaged 15 or 20 years for new-democratic construction, and further implementation and completion of socialist transformation, while the specific steps and methods saw some change, the amount of time that it was estimated the task would take was about the same.

The socialist transformation of China's agriculture was a huge and extremely wide-ranging and deep-going

socialist reform by which, in an economically and culturally backward large eastern country, an individual-ownership system involving 500 million peasants, was changed into a collective-ownership system involving cooperative members. After the peasants, led by Mao Zedong and the CPC, eliminated the system of feudal exploitation, they were quickly guided along the road of mutual-aid and cooperation. This proceeded from the aim of combining agricultural development with the industrialization of the state, so that peasants engaged in small-scale production would gradually become large-scale producers and, thereby, they would move from poverty towards prosperity. It also proceeded from the idea that, by guarding against polarization in the rural areas and consolidating the worker-peasant alliance, it would be more effective in struggling against private capitalism and, therefore, in eliminating systems of exploitation in urban and rural areas. This point of departure, developing the productive forces and establishing a public-ownership system, reflected the direction of historical progress and the demands of the masses. The strategic deployment relative to agricultural cooperativization was established under this guiding idea.

In the process of implementing socialist transformation of agriculture, Mao Zedong followed the basic principles of Marxism in respect of individual peasants; upheld the channels of education, demonstration, and social assistance; followed the principle of voluntary participation; and created a Chinese-style road to agricultural cooperativization. On the basis of concretely analyzing and scientifically grasping the nature and trends of the small-scale agricultural economy and the peasants, the peasants were led in a gradual transition from mutual-help organizations, to primary cooperatives, and then to high-level cooperatives and achievements were realized in this. The transitional form constituted by the primary-level cooperatives in particular, was marked by Chinese characteristics. They were characterized by the division of land into shares and the joint operation of the land. This was a transitional form which drew the peasants, voluntarily and without coercion, into moving towards socialism. However, the abovementioned correct principles and methods of gradual progress were not followed from beginning to end. After the summer of 1955, and especially following the high tide of the socialist transformation of agriculture, the policy of gradual progress was not upheld. Rather, there was over-impatience for results and thereby "Leftist" mistakes appeared.

The socialist transformation of handicraft industries also involved a three-tier division from low level to high level forms. That is, there were handicraft industry production groups, handicraft industry supply and marketing cooperatives, and handicraft industry production cooperatives. Thereby, there was gradual progress along the road of cooperativization. Like the trend which occurred in the process of agricultural cooperativization, there was also initially healthy and stable progress in the cooperativization of the handicraft industry but later,

some problems appeared. This was mainly due to there being excessive centralization and too large a scale, with no attention being given to the characteristics of handicraft labor whereby it is dispersed, flexible, and highly adaptive.

After the proletariat wrested political power, the method of peaceful "buying out" was adopted in respect of carrying out socialist transformation of capitalist industry and commerce. This was quite an ideal form which did not require the payment of a high price and which had been put forward by Marx, Engels, and Lenin. As the Russian bourgeoisie did not accept this policy, Lenin's plan to buy them out could not be realized. However, Mao Zedong and the CPC opened a road of socialist transformation with Chinese characteristics. This involved peaceful transformation of the exploitative system of the bourgeoisie under the conditions of an alliance between the proletariat and the national bourgeoisie. Our party has always adopted distinct policies in respect of our country's national bourgeoisie. After victory in the democratic revolution, the national bourgeoisie still had the dual character of exploiting the working class while safeguarding the constitution of the socialist state and willingly accepting socialist transformation. In a situation where the people's democratic regime and the state-run economy were becoming increasingly strong, a powerful alliance between the working class and the broad masses of people had been established. Thus, the peaceful transformation of capitalist industry and commerce was both necessary and possible.

The party's general line for the period of transition clearly put forward the policies of using, restricting, and transforming capitalist industry and commerce. It also clearly adopted, as the necessary avenue for transformation of capitalist industry and commerce, various types of state capitalism, ranging from low to high levels and including the purchase of products, placing orders for processing, unified purchase and guaranteed sales, and joint public-private operations with individual enterprises and whole industries. By the end of 1956, the socialist transformation of capitalist industry and commerce had been basically completed. In this process, there were deficiencies and these were mainly manifested in the fact that there was over-impatience in the requirements and that the speed of transformation was too swift. There was excessive stress placed on centralization and inappropriate "transformation and merger." A large number of small merchants and small handicraft industry operators were considered to be "bourgeoisie industry and commerce operators" and were drawn into public-private joint operations. This confused the distinction between the exploiters and the laborers.

When we look back at the course of development during the early period after the establishment of the PRC, we can certainly feel that, in this quite short period of time, there were some changes in the theoretical ideas about the timing and pace of the switch from new democracy to socialism and

that the actual progress of the switch and transformation towards socialism was greatly accelerated.

On the basis of the standard that the goal of revolution is the development of the productive forces, the pace of transformation of the production relations should be in accord with the development of the social productive forces. However, the actual course was one whereby the transformation of the production relations transcended the development of the productive forces. As the originally envisioned new-democratic society was a transitional one, there was no essential clash between the contents of the general line of the period of transition and the idea of a new-democratic society. Furthermore, in terms of the general trend, socialist transformation was also in accord with the basic trend of development of our country's social development. The objective environment at that time also encouraged the acceleration of the pace of the transformation. However, the "over-anxious demands" and the "excessive pace of change" during the socialist transformation must be said to have been deviations from the productive forces standard. In terms of the theoretical origins, Mao Zedong had begun to shift from his previous stance when formulating the new-democratic economic theory strictly in accordance with the demands of the productive forces and upholding the productive forces standard. He did not have an accurate grasp of all aspects of the relationship between the development of the productive forces and the reform of the production relations. This point can only be recognized clearly today and this is a basic thread in the process by which we are summing up the overall process of the development of this theory. Of course, seen overall in such a vast complex country as China, the huge historical significance of maintaining basically stable economic development while maintaining the widespread support of the people and smoothly and creatively realizing this huge social reform, is not something which can be easily obliterated.

III.

The basic completion of the socialist transformation of the private ownership of the means of production in 1956 marked the establishment of a new social system and the opening of a new road of social development. Establishing the socialism for which our party had long struggled, and to which the masses had long looked forward, was a great event which inspired the whole party and heartened the people. However, because of the lack of sufficient theoretical and ideological preparation, the new theory of socialist construction could only be explored and developed through practice by continually summing up experiences on the basis of the principle of combining the basic principles of Marxism-Leninism with the realities of China. It was inevitable that we would have to travel a rough and rugged road along which there would be both successes and failures.

Mao Zedong, who was very original in terms of theoretical creativity, put forward the idea that we had to follow our own road in building socialism very early on.

Although, at the beginning of the construction, the party made the call to "study the Soviet Union," Mao Zedong quickly put forward the idea that it was necessary to adopt an analytical attitude regarding the Soviet Union's experiences and that it was necessary to engage in such study in the light of China's situation. In April 1956, Mao Zedong gave his speech "On the Ten Major Relationships," in which he pointed out that the experiences of foreign countries could not be uncritically rejected or copied entirely. "What is particularly worthy of note is that in recent times, in the Soviet Union, some of the defects and mistakes made in the process of building socialism have been revealed. Do you want to take the detour that they took?" (Footnote 9) ("On the Ten Major Relationships" from *Selected Readings From the Works of Mao Zedong*, last volume, pp 741-742, 720-721)

"On the Ten Major Relationships," with the background of affirming that it was necessary for China to travel its own road in building socialism, engaged in analysis of the basic social contradictions and various economic relationships following the basic completion of socialist transformation. Although this analysis was only an initial and general one, and the logic and levels were not always clearly distinguished, its contents were rich in dialectical thought. The first three sections of "On the Ten Major Relationships" engaged in analysis of industrial relationships and regional economic relationships. Actually, this was intended to open up a Chinese road of industrialization different from that of the Soviet Union. The fourth and fifth sections spoke of the relations among the state, production units, and individual laborers and the relationship between the center and the localities. This actually touched on the question of reforming the excessively centralized economic structure. The last five sections looked at the question of mobilizing the various positive elements in the political, ideological, and cultural lives. Mao Zedong himself held that by putting forward the 10 major relationships, he began to find his own road of construction suited to China. "In principle, it is the same as that of the Soviet Union but its methods are different. It has our own set of contents" and it "begins to reflect China's objective economic patterns." (Footnote 10) (Cited from Bo Yibo's *Answers on Various Major Decisions and Events*, Vol I, p 471)

In its own movement, socialist society gradually saw the appearance of some new phenomena and new problems. Not only did the convening of the 20th CPSU Congress and the eruption of the Polish and Hungarian incidents reveal, on the international level, many contradictions in socialist countries but also, within our own country, there also appeared problems which caused people to ponder. Mao Zedong adroitly grasped these problems and, through his command of the overall nature and contradictions of socialism, he posed and resolved a series of important theoretical questions and made a major theoretical contribution. In "On Correctly Handling Contradictions Among the People," Mao Zedong summed up the historical experiences of the international communist movement and,

using the law of the unity of opposites to analyze socialist society, created a theory of concretely handling contradictions among the people. The main contents of this theory were: 1) The basic contradictions of socialist society and their essential characteristics. Mao Zedong affirmed that contradictions were still the motive force in the advance of socialism and pointed out that the basic contradictions of socialist society were still those between the production relations and the productive forces and the between the superstructure and the economic base. Between these elements exists one aspect which is basically in accord and another aspect which is not. He held that through the transformation of the socialist system itself, these contradictions could be continually resolved. This idea laid a basis for subsequent reforms of the economic structure and the political structure. 2) Socialist society has two types of social contradictions: Those between the enemy and ourselves and the contradictions among the people. Correctly handling the contradictions among the people is a major element in the political life of a socialist state. 3) In handling contradictions among the people, it is necessary to use democratic methods; in concrete terms, this is the formula "unity—criticism—unity." On the basis of this general method, he also put forward a series of specific principles and policies which, in the economic sphere, included implementing overall arrangements and plans, concurrently considering the interests of the state, the collective and individuals, and taking the Chinese road of industrialization.

The issue of the Chinese road of industrialization was an important question with which Mao Zedong concerned himself and thought about early in the democratic revolution period. After entering the period of socialist construction, Mao Zedong attached even more importance to this question and put forward many major ideas which have guiding significance to this day. Mao Zedong pointed out: "Our country is a large agricultural country and the rural population constitutes over 80 percent of our total population. The development of industry must be accompanied by the development of agriculture." (Footnote 11) ("On Correctly Handling the Contradictions among the People" from the *Selected Works of Mao Zedong*, Vol 5, p 400) He thought that we should not follow the road of the Soviet Union and some of the East European countries, whereby there was one-sided stress placed on heavy industry. He raised the question of the relationship between heavy industry, light industry, and agriculture and the question of the Chinese road of industrialization. Mao Zedong pointed out: "Heavy industry is a focal point of our country's construction." (Footnote 12) ("On the 10 Major Relationships" from the *Selected Works of Mao Zedong*, Vol 5, p 268) On the other hand, he stressed that the development of industry had to be based on agriculture. From the angle of the mutual constraints and coordinated development of agriculture, light industry, and heavy industry, he put forward the idea of achieving development in agriculture and light industry in order to truly develop heavy industry. He said: "With the development of agriculture and light industry, heavy industry will have a market.

With funds, it will then see faster development. In this way, it might appear as if the speed of industrialization will be slower. However, it will not be slower and may actually be a little faster." (Footnote 13) ("On Correctly Handling Contradictions Among the People," from the *Selected Works of Mao Zedong*, Vol 5, p 400) Practice has proved the correctness and importance of this idea put forward by Mao Zedong and the subsequent economic development has repeatedly proved this point.

In terms of the economic management structure, Mao Zedong held that after the resolution of the ownership system question, the major issue will be the management issue, that is, the question of how to manage the whole-people ownership enterprises and the collective enterprises. This is also a question of the relationship between persons under a specific ownership system and much can be done on this. On this theoretical basis, Mao Zedong put forward the incisive idea that in building socialism, it is necessary to handle the relationship between the center and the localities well and also the relationship between the state and the enterprises. With respect to the relationship between the center and the localities, he pointed out: "In a country as big as ours, with its huge population and complexity of situations, having the enthusiasm of the center and the localities is much better than having the enthusiasm of just one side. We cannot do as the Soviet Union has done, commanding everything from the center and tightly controlling the localities so that they do not have even a little flexibility." (Footnote 14) ("On the Ten Major Relationships" from the *Selected Works of Mao Zedong*, Vol 5, p 275)

Rather, under the precondition of consolidating unified leadership by the center, he urged the expansion of local powers. On the relationship between the state and enterprises, he pointed out: "Centralizing everything at the center or in the provincial capitals and not giving factories any power, or any leeway for flexibility, or any interests, is I am afraid, not the right way of doing things.... Every production unit must have some independence in its relationship with the unity, as only thus will they be able to see more vigorous development." (Footnote 15) (Ibid, p 273) However, the question of how, in the end, this nature and these rights and interests of the enterprises were to be appropriately established, was not fully resolved. Mao Zedong also admitted that our experience was insufficient and that there was a need for further research.

The question of the commodity economy and the law of value in a socialist society is one of great theoretical and practical importance in terms of the basic operational mechanism of the socialist economy. When Mao Zedong was correcting the confusion between collective ownership and whole-people ownership, and the dividing line between socialism and communism, which had appeared in 1958 and correcting the "communist wind" by which there was "egalitarian and indiscriminate transfer of resources," he proposed that cadres at all levels study socialist political economics, "so that they have sober

minds, as this will be beneficial to the leadership of our great economic work." (Footnote 16) (*Collected Letters of Mao Zedong*, p 552) Mao Zedong took the lead in studying and, in light of the realities of China's economic construction, soberly and deeply considered this major theoretical question and, in response to the mistaken ideas which negated commodities and money, put forward and expounded various valuable viewpoints.

First, proceeding from the angle of history and the role of commodity production, Mao Zedong pointed out: China was initially a very undeveloped commodity producer, more backward than India and Brazil, and it needed a stage whereby commodity production was developed. He put stress on proving that maintaining commodity production and commodity exchange, which was the sole link between the urban and rural economies, was the only road by which a country in which small-scale peasants constituted the majority, could achieve socialist victory. He believed that in a situation where the level of the productive forces was quite low, if commodity production and commodity exchange was negated and the collective ownership system was changed into a whole-people ownership system, and if the state allocated the products of the peasants without compensation and there were insufficient industrial products to satisfy the production and livelihood needs of the broad number of peasants, it would in essence be exploiting the peasants and would inevitably lead to the peasants being dissatisfied. It would also obstruct the development of production and affect the worker-peasant alliance. Mao Zedong did not limit himself to understanding the origins of the existence of commodity production from the level of the two different ownership systems but considered this question from a much deeper level. He held that the fate of commodity production is, in the end, tightly connected to the level of the productive forces. Thus, even after making the transition to a unitary socialist whole-people ownership system, if commodities were not plentiful, then commodity production and commodity exchange would still likely exist over various ranges. This view was quite deep and touched on the root of the issue. Unfortunately, he did not do further research.

Everyone knows that for a long time people have been suspicious of the idea of commodity production and commodity exchange under a socialist system. In respect of some people's apprehensions, Mao Zedong pointed out: "At present, there are some comrades who fear commodities and this is nothing but a fear of capitalism." However, "we cannot confuse commodity production and capitalism" because commodity production is not something which necessarily leads to capitalism. It requires special socioeconomic conditions and the socialist system no longer has those conditions. On the negative effects of commodity production, Mao Zedong felt that where they existed they should be restricted. As to developing commodity production and commodity circulation, here he actually began to break away from the debate about whether it "was socialist or capitalist" and put stress on developing the productive forces.

Through commodity production, it would be possible to mobilize people's enthusiasm for production, increase social wealth, and satisfy the daily-increasing demands of society and it was from these angles that he understood commodity production. It was on this basis that Mao Zedong put forward the famous judgement that "the law of value is a great school." He firmly warned the whole party that the law of value and exchange at equal value are objective laws and if we violate these we will hurt ourselves. This law is a great school. If we use it, we will be able to teach our hundreds of thousands of party cadres and hundreds of millions of people and build socialism and communism. If we do not, nothing will be possible. This reflected the quite high degree reached by Mao Zedong in his thinking on the socialist economy and indicated a breakthrough in relation to the understanding of Marx, Engels, Lenin, and Stalin on the fate and role of the commodity economy in socialism. The sad thing is that while Mao Zedong, with an attitude of dealing concretely with work matters, proceeded from the angle of promoting the productive forces and achieved his results and high level through engaging in theoretical exploration, he was unable to sustain and continually develop these ideas and another ideological line gradually expanded and developed.

Previously, from the changes which occurred in Mao Zedong's understanding of the transition to socialism, we have already seen that his ideas of socialism's need for highly developed productive forces and a material base had already seen some dilution. When he began to explore the road of China's socialist construction, the trend to stress production relations became even more pronounced. In January 1962, Mao Zedong said: "What I tend to pay more attention to are systems questions and issues connected with the production relations." (Footnote 17) ("Speech at the Expanded Central Work Conference" from the *Selected Readings From Mao Zedong's Works*, last volume, p 829) When this line of thought further developed into the worry that the superstructure and state political power would turn revisionist he mistakenly assessed the domestic class struggle situation and put forward the need to take class struggle as the key link. He gradually diverged from the center constituted by socialist economic construction. After 1957, "Leftist" ideas began to show themselves and gradually assumed a commanding position, suppressing the correct ideas. The accumulation and development of these "Leftist" mistakes finally led to the eruption of the "Great Cultural Revolution," which interrupted the exploration for a Chinese-style road to socialism.

Because of the diversions, the mistakes, and the sudden break in the exploration of the Chinese-style road to socialism, the realization of the beautiful hopes put forward by Mao Zedong and our party whereby we would turn our country as quickly as possible into a strong modern socialist country, suffered a setback.

Building a strong modern socialist country was a strategic target put forward by Mao Zedong and our party following the establishment of New China. At the

national meeting of party deputies and the first NPC convened in 1954, Mao Zedong put forward the following idea: We will build our country, which is at present backward both economically and culturally, into a great industrialized country with a high degree of modern civilization. Regarding the steps by which we would realize this strategic target, Mao Zedong's idea was to first use three five-year plans, that is about 15 years, to lay down a base and afterwards, use seven five-year plans, up until the year 2000 to build our country into a great and powerful modern socialist state. At the Eighth CPC National Congress convened in 1956, he made concrete the first stage tasks. He noted that within three five-year plans or a bit longer, we would build a basically complete industrial system. Despite the occurrence of the "Leftist" mistake of the "Great Leap Forward" in 1958, and the Great Cultural Revolution which commenced in 1966, this strategic goal of building a strong modern country, which was pursued by the party and Mao Zedong, has never changed. Under Mao Zedong's instructions, at the First Session of the Third NPC, in December 1964 and the First Session of the Fourth NPC in 1975, Zhou Enlai expounded on this strategic target more completely. He said: "Our general goal is, within a historical period which is not too long, to build our country into a strong socialist country with modern agriculture, modern industry, modern national defense, and modern science and technology." At the same time, he also clearly pointed out the two-step idea for realizing this strategic goal. The first step was within 15 years, that is before 1980, to build an independent and quite complete industrial system and national economic system. The second step was, within this century, to realize in an overall way, the modernization of agriculture, industry, national defense, and science and technology, so that our country's national economy was in the world front ranks. What causes people to ponder is that, over these 20 years, while many achievements have been realized in economic construction, speaking overall, development has been slow and fluctuating and this great strategic target has not been realized as planned.

IV.

The 3d Plenary Session of the 11th CPC Central Committee constituted a major shift of deep-going significance in the history of our party and, following this, our country's socialist modernization entered a new historical period. Mao Zedong economic thought also entered a new stage of development—a stage of eliminating "Leftist" mistakes, criticizing the "two whatevers," bringing order out of chaos, summing up historical experiences, seeking truth from facts, liberating thought, and further establishing a theory of socialism with Chinese characteristics. As Deng Xiaoping said: "Since the Third Plenary Session, we have been restoring the correct things advocated by Mao Zedong and applying Mao Zedong Thought correctly and in an integrated way. The basic points of Mao Zedong Thought are still those noted. In many respects, we are doing things that Comrade Mao suggested but failed to do himself, setting right

his erroneous opposition to certain things, and accomplishing some things that he did not. All this we shall continue to do for a fairly long time. Of course, we have developed Mao Zedong Thought and we shall go on developing it." (Footnote 18) ("Remarks on Successive Drafts of the 'Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC'" from the *Selected Works of Deng Xiaoping (1975-1982)*, p 264) Deng Xiaoping, as the overall architect of our country's reforms and construction in the new period, has made outstanding contributions to the building of a theory of socialism with Chinese characteristics. This theory is a new development of Mao Zedong Thought.

Since the 3d Plenary Session of the 11th CPC Central Committee, Deng Xiaoping and our party have upheld and developed Mao Zedong economic thought in many respects and the contents of this work are very rich. However, one of the most basic elements is that they have upheld that basic point in Mao Zedong Thought of combining Marxist theory with the realities of China. That is, they have again revived that basic idea of examining and judging all questions by proceeding from the requirement of developing the social productive forces. Under the guidance of this basic principle and this basic line of thought they have, in an overall way, constructed a theory of socialism with Chinese characteristics. Deng Xiaoping has clearly pointed out this point: "We must integrate the universal truth of Marxism with the concrete realities of China, blaze a path of our own, and build a socialism with Chinese characteristics—that is the basic conclusion we have reached after summing up long historical experience." (Footnote 19) ("Opening Speech at the Twelfth National Congress of the CPC" from the *Selected Works of Deng Xiaoping (1975-82)*, p 372) From the Third Plenary Session of the 11th CPC Central Committee till the 13th CPC National Congress and then again till the 14th Congress, our party has realized the second historic leap in combining Marxism with the concrete realities of China. This leap has also been realized on the basis of a long period of exploration and accumulation of experience and by summing up the positive and negative experiences over the more than 30 years since the establishment of the PRC. With a theory of socialism with Chinese characteristics it was possible, for the first time, to provide quite systematic primary answers to a series of questions such as how such an economically and culturally backward country as China was going to build socialism and how we were to consolidate and develop socialism, using new ideas and viewpoints to carry forward and develop Marxism-Leninism-Mao Zedong Thought.

In developing Mao Zedong Thought during the new period, it has been necessary first of all to re-establish some of the basic points of theory in order to make them more clear and firm.

On the question of the road of development, we have more consciously upheld the idea put forward by Mao Zedong a long time ago that China must follow its own

road in revolution and construction. Following one's own road means being innovative and having one's own characteristics. What this means is: On points of theory, we must not accept what the books say as dogma or mechanically copy foreign modes but must take Marxism as guidance and practice as the sole criterion for testing truth; in terms of the ideological line, we must persist in emancipating our minds and seeking truth from facts; on the point of departure, we must always put the fundamental interests of the masses of the people before everything else and respect the creative spirit of the masses; and in the great practice of reform and construction, the party must lead the masses to explore and create together.

On the question of the stages of development, it is necessary to uphold in a more sober manner the idea of taking the basic conditions of our country as our point of departure, advocated by Mao Zedong as early as the period of the democratic revolution. In our new-democratic revolution, we were able to open up a unique road which proved to be successful precisely because we had upheld the principle of taking the basic conditions of our country as our point of departure and were thus able to correctly grasp the nature of the revolution and the stages of development. When we were groping our way along in socialist construction, we made the "Leftist" mistake of skipping over certain stages primarily because we had not soberly and objectively grasped and understood the conditions of our country and the basic stages of social development. Now, after many twists and turns, we have finally come soberly to the scientific conclusion that China is still at the primary stage of socialism. We now emphasize that this will be a long historical period which will last at least 100 years. Thus, in our formulation of general and specific policies, we must base ourselves on this basic national condition and must not skip this basic stage no matter what.

On the question of the fundamental task, we must re-establish, with reinforced theoretical firmness, the theoretical basis of Marxism, that is, the yardstick of productive forces, and resolutely discard the wrong "Leftist" principle of "taking class struggle as the key link," which is inappropriate in a socialist society. We must shift the focus of the work of the party and state onto economic development, determine that the fundamental task of the socialist society should be to develop the productive forces, and determine that the target for struggle of the people of the country should be to centralize their strengths in realizing modernization. Deng Xiaoping has clearly pointed out: Socialism essentially refers to the emancipation and development of the productive forces, the elimination of exploitation and polarization, and the ultimate realization of common prosperity. He emphasized that the principal contradiction in Chinese society at the present stage is the contradiction between people's growing material and cultural needs and the backward social productive forces. Thus, we must put the development of productive forces before everything else, take economic construction as our central task, and promote all-round social progress. This

determines that, in the final analysis, the criterion for the assessment of work in all fields is whether it is conducive to the development of productive forces in the socialist society, whether it is conducive to enhancing the overall strength of the socialist state, and whether it is conducive to the improvement of people's living standards.

As regards the provision of political guarantees in building socialism, it is necessary to put forward, in a more centralized and overall way, the requirement that the four cardinal principles be upheld. Deng Xiaoping said: "To carry out China's four modernizations, we must uphold the four cardinal principles ideologically and politically. This is the basic prerequisite for achieving modernization." (Footnote 20) ("Uphold the Four Cardinal Principles" from the *Selected Works of Deng Xiaoping (1975-1982)* p 150) The Report of the 14th CPC National Congress also pointed out: "The four cardinal principles are the foundations of the country and the guarantee for the healthy development of reform, opening up, and modernization."

All these are, of course, the development of Mao Zedong's economic thought under new historical conditions. However, the most important, outstanding, and creative development since the 3d Plenary Session of the 11th CPC Central Committee is reform and opening up. In summing up the basic practice and basic experience of the last 14 years, the 14th CPC National Congress pointed out in its report that the most striking characteristics of the new period is reform and opening up. What we have done during those 14 years was to build socialism with Chinese characteristics through reform and opening up and the emancipation and development of the productive forces.

Socialism has scored amazing success as it has turned from theory into a reality. However, the problems that have emerged in its own contradictory movements, such as the lack of vitality, poor efficiency, chronic bureaucracy, and corruption, have become increasingly serious. As a great revolutionary and theorist, Mao Zedong was sharp-eyed enough to see the seriousness of these problems. Although he always adhered to the fundamental stance of working for the interests of the people and did his best to find solutions to these problems, he betrayed increasingly serious signs of "Leftist" deviation in his approach. He tried to resolve these problems through the "Great Cultural Revolution," with the result that the whole society suffered a great catastrophe while the problems remained unresolved. As the most innovative strategic thinker and Marxist thinker in the contemporary world, Deng Xiaoping turned his unparalleled political foresight and theoretical courage, his scientific spirit of seeking truth from facts, and his great insight into the course of historical development, to good account in summing up the historical experience of the international communist movement and opening up the only road for ridding our country of its ills and building China into a rich and prosperous nation, namely, the road of reform and opening up. Deng Xiaoping said: "There is no way out if we do not carry out reform. Practice over

the past few decades has proved that the old system does not work. We mechanically copied the experience of other countries in the past and this resulted in us obstructing the development of the productive forces. On the ideological level, it led to ossification and this obstructed the bringing into play of the enthusiasm of the people and the grass-roots levels. In addition, we made our own mistakes.... In the 20 years from 1958 until 1978, China's society was actually stuck for a long time in a stagnant and wavering situation and the national economy and the people's livelihood did not see much development or improvement. Could such a situation continue without reform?" (Footnote 21) ("The Pace of Reform Must Be Accelerated" from the *Selected Works of Xiaoping Deng*, Vol 3, p 237) "Apart from the road of reform, China has no other option because only through reform can China flourish." (Footnote 22) (XINHUA SHE report 23 Oct 1985)

Reform and opening up is based on a more profound and comprehensive understanding of the basic contradictory movement of socialism and economic laws. It was precisely on this theoretical basis that Deng Xiaoping scientifically defined the nature and significance of reform and unequivocally put forward the basic formulation that "reform is a revolution."

In "On the Correct Handling of Contradictions Among the People," Mao Zedong put forward his doctrine on the basic contradictions of socialist society and further came up with the scientific argument that the relations of production and the productive forces, and the economic base and the superstructure, are concurrently suited to each other and contradictory. The basic economic system of socialism is suited to the productive forces and so is the basic political system suited to the economic base. However, the specific form and links of the relations of production and the superstructure still leave much to be desired and readjustment and transformation are in order. Due to historical limitations, Mao Zedong was unable to accurately define these imperfections. Subsequent historical complications made it impossible for this reform-oriented notion to develop in greater depth, thereby deferring the pressing historical task of structural reform in China. Deng Xiaoping has carried forward and developed this idea of Mao Zedong's. He has not only put forward for the first time the need to carry out comprehensive reform of the existing economic and political systems but based this reform on the comprehensive, concrete, and profound analysis and grasp of the actual movement of the basic contradictions in society. He pointed out that the principal form of expression of the basic contradictions in society at present is the contradiction between the developed productive forces and the ossified economic, political, cultural, scientific, technological, and educational systems. Thus, he argued that "this constitutes a revolution.... Our intention is not to overthrow anyone but to transform the organizational structure of our party and state. If we do not carry out this revolution... not only will the four modernizations fail but the party and state

will face a mortal trial and perhaps perish." (Footnote 23) ("Streamlining Organizations Constitutes A Revolution" from the *Selected Works of Deng Xiaoping (1975-1982)*, p 352) The possibility that the party and state will perish stems from the fact that the prolonged existence of an ossified system which fails to bring the superiority of socialism into full play has seriously fettered the productive forces, generated pessimism in social and political life, and is in danger of affecting the very existence of the basic socialist system. By scientifically putting forward the great theoretical formula that "reform also means the emancipation of the productive forces" on the basis of such a profound theoretical understanding and truthful admission of the fact that there are elements in our traditional system that seriously fetter the productive forces, we are able to see the significance of reform and opening up from a new height.

Reform and opening up have not just opened up a road of hope in developing the productive forces, realizing modernization and building socialism with Chinese characteristics. They have also opened up a broad road for developing socialist economic theory. Under the guidance of the basic theory and basic line set down by Deng Xiaoping and our party on the basis of the new rich theoretical nourishment provided by the continually developing practice of reform, in the process of the mutual roles and mutual promotion of theory and practice, socialist economic theory has broken through the fetters of the various dogmas and straightjackets, bravely borrowed and absorbed scientific elements from the various economic theories around the world, and achieved considerable development. The theoretical basis of this development was a re-understanding of socialism. In this process of re-understanding, we broke through the dogmatic, simplistic understanding of socialism which had existed in the past, discarded the "Leftist" voluntarism which produced very great harm, and soberly examined the defects which existed in the traditional planned economy. The theoretical centering point in this development was the seeking of a new target model for the economic structure. Since the 3d Plenary Session of the 11th CPC Central Committee, we have gradually escaped from the traditional concepts of the market economy being a specific trait of capitalism, and the planned economy being the basic characteristic of a socialist economy; we have begun new explorations and formed new understandings of the relationship between socialism and the commodity economy. The 12th CPC National Congress put forward the idea that the planned economy should be the main part of the economy and that regulation through the market mechanism should form a supplement. The 3d Plenary Session of the 12th CPC Central Committee pointed out that the commodity economy is a stage which socioeconomic development cannot skip over and that our country's socialist economy is a planned commodity economy based on the public ownership system. The 13th CPC National Congress pointed out that a socialist planned economy structure should be one in which planning and the market form a unity. After the 4th Plenary Session of the

13th CPC Central Committee, the idea was put forward that we should establish an economic structure and operational mechanism in which the planned economy and regulation through market mechanism are combined and which is in accord with the development of the planned commodity economy. In particular, Comrade Deng Xiaoping's speeches during his trip to the south in 1992 further clearly pointed out that planning and the market are both economic measures and that whether there is a little more planning or a little more of the market is not indicative of whether a system is socialist or capitalist. This incisive judgement essentially broke free from the ideological fetters which saw the planned economy and the market economy as categories of basic social systems and allowed us to take a great leap forward in our understanding of the relationship between planning and the market. In this way, the 14th CPC National Congress was able, on the basis of practical development and deepening of understanding, to clearly point out: The aim of our country's economic reform is to establish a socialist market economy system.

A socialist market economy system is in accord with the basic system of socialism. This overall goal of a socialist market economy system is a theoretical combination realized through our new understanding of all aspects of socialist production relations and the economic operational mechanism. Over the last 10 years or more, the theoretical achievements we have realized in our exploration of the various spheres of socialist production relations, including ownership structures, enterprise systems, market systems, income distribution systems, and macroregulatory and control systems, are all contained within this target model. The "Decision by the CPC Central Committee on Some Issues Concerning the Establishment of a Socialist Market Economic Structure," passed by the 3d Plenary Session of the 14th CPC Central Committee, also manifested these results of long-term exploration in its exposition on the overall framework of the new structure and the socialist market economy, providing a guiding blueprint for the deeper development of the reforms.

As noted previously, establishing a strong, modern, socialist state was a strategic target set down long ago by Comrade Mao Zedong and our party. The realization of this great strategic goal not only requires strong determination but, more importantly, a correct line and policies and a rational economic structure as a guarantee. Prior to the 3d Plenary Session of the 11th CPC Central Committee, "high speed" and "high targets" continually appeared in our country's economic development. Although these manifested intense hopes and determination, because they did not proceed from reality and did not have structural guarantees, added to which was the interference from the mistaken line of "taking class struggle as the key link," the strategic deployments for modernization could not be implemented. Thus, the hoped for economic growth did not materialize and, instead, we saw a 20-year period of fluctuations and wavering. The 3d Plenary Session of the 11th CPC

Central Committee set those things to rights which had been thrown into disorder. It also decided to shift the focus of the work of the whole party and the whole people to economic construction and, accordingly, set down modernization goals to be realized in steps and by stages. It also adopted the policy of reform and opening up, and put great efforts into providing the necessary structural conditions for modernization. In all these respects, Deng Xiaoping made great and outstanding contributions. Over the last 10 years and more, the achievements in our country's reform, opening up, and modernization were all achieved under the guidance of the theory of socialism with Chinese characteristics, which was a new development of Mao Zedong's economic thought. This theory will be continually enriched and developed in the great practice of reform, opening up, and construction in the future and will guide the Chinese people in moving from victory to victory, until we finally achieve the goal of a strong, modern, socialist state.

PROVINCIAL

Survey of Lhasa Enterprise Reform

94CE0232A Lhasa XIZANG RIBAO in Chinese
7 Dec 93 pp 1, 3

[Article by Zhao Enxue (6392 1869 1331): "Face Up to Difficulties, Seek Differences, Deepen Reform, Increase Vitality"]

[Text] Due to various causes, for a long time now production (operations) at enterprises in Lhasa has consistently been in a slump. Relatively many have experienced losses. In particular, year after year those with major losses have depended on state subsidies to get by. This has become a huge burden for Lhasa. It has gotten so serious that fiscal revenues are out of breath. In line with the establishment of a socialist market economy, what is the present situation of enterprise production (operation) in Lhasa?

According to Lhasa Economic Committee statistics, from January to September 1993, the total accumulated gross output value of industrial enterprises in Lhasa (in fixed 1990 prices) was 26.1082 million yuan, up 4.17 percent over the same period of 1992, and accounting for completion of 74.70 percent of the annual plan; of which, 13 industrial enterprises subordinate to Lhasa city accounted for 15.0163 million yuan, completion of 80.47 percent of the annual plan. County-subordinate industrial enterprises completed 450,200 yuan, up 105.76 percent over the same period in 1992. From January to September, industrial enterprises throughout the city accumulated total product sales reaching 27.7651 million yuan (excluding county-subordinate industrial enterprises). Of which, the Chengguan District Minority Handicraft Industrial Enterprise accounted for 11.6031 million yuan, up 28.17 percent over the same period in 1992. From January to September, industrial

enterprises throughout Lhasa had clearly improved economic results, realizing profits of 2.09 million yuan (excluding county-subordinate industrial enterprises), up 29.81 percent over the same period in 1992. Twenty-six minority handicraft industries in the Chengguan region had rather good economic results, realizing profits of 1.402 million yuan, up 38.13 percent over the same period in 1992. From January to September, two Lhasa-subordinate transport enterprises transported a total of 6,474.3 tons, up 17.61 percent over the same period in 1992. They had a weekly transport volume of 4.92 million ton-kilometers, up 23.93 percent over the same period in 1992, for a total income of 1.361 million yuan, up 79.31 percent over the same period in 1992. Economic efficiency is clearly up. The enterprise production situation is pleasing.

For many years, because they were fettered by the old system, enterprises in Lhasa were unable to break out thoroughly from "big rice bowl, iron rice bowl" conditions. They were unable to motivate fully the enthusiasm of enterprise workers. Furthermore, the dependent mentality of enterprises to "wait, depend on and demand" was rather serious. There was much talk of objective causes, little search for subjective differences. The subjective capabilities of enterprises could not be brought into play. Reliance on government was rampant. Some enterprises even relied on state fiscal subsidies or bank loans to get by. This was a burden on state finances. Enterprises owing bank loans had no way to repay on time. The burden became more serious year after year and enterprises became ever poorer. They have never been able to stand on their own feet.

Given the difficulties and problems enterprises face, in the process of implementing the spirit of Comrade Deng Xiaoping's southern tour and the party's 14th Plenum, the Lhasa Committee of the Communist Party of China and the Lhasa people's government summarized enterprises' existing problems. They believe that to get enterprises out of difficulty requires great effort to further deepen enterprise reform and strengthen the operational mechanism of enterprises while improving economic results. Toward this end, they formulated specific implementing methods to enact the State Council's and Autonomous Regions' regulations regarding transforming the operational mechanisms of state-run industrial enterprises. To deepen enterprise reform, leading cadres of the Lhasa Committee and the Lhasa government along with sectors managing enterprises actively transformed functions, performed services well, deepened survey research on each enterprise, grasped major current problems of enterprises and helped them resolve major contradictions. To reform enterprise work methods, they implemented reforms aimed at leadership and guidance, leading enterprises toward the market to participate in market competition and enhance competitiveness. At the same time enterprises throughout Lhasa

commonly held big discussions on "liberating thinking, changing thought patterns, seeking differences, seizing good opportunities and deepening reform." Thus they made enterprises recognize that reform was the only way out. Based on minority handicraft industry market economy development trends, the Chengguan Regional People's Government and Economic Committee transformed and merged 34 former minority handicraft enterprises into 26. They expanded the enterprise scale of production (operations) and went after hot selling products, enhancing the enterprises' ability to adapt to and compete on the market. At the same time various enterprises further perfected internal contract responsibility systems. According to a survey, 13 Lhasa-subordinate industrial enterprises and 26 minority handicraft industries all implemented various forms of contract and target responsibility systems, putting each economic target concretely on the workshop, the small group and the individual. They thoroughly reorganized the "big rice bowl," smashed the "iron rice bowl," turning pressure into a motive force and fully motivating the enthusiasm of enterprise management personnel and production (operation) workers. After smashing the "big rice bowl," transport enterprises tightly captured good opportunities in the transport market. They actively organized resources, "putting down their bowls to find rice [searching out work to do]," making rational allocations, fully uncovering potential and thinking of every possible way and means to improve existing transport equipment utilization rates and make transport production good for the future.

Due to deepened reform and ferreting out enterprise potential, they further enhanced the role of subjective enterprise potential. In a timely manner various enterprises seized economic markets, actively introduced technology, increased the colors and varieties of products and augmented vitality. The output value and efficiency clearly rose in five Lhasa-subordinate industrial enterprises: the Lhasa wood article plant, carpet factory, handicraft and artworks plant, food and oil processing plant, and clothing company. In particular, by the end of September 1993 the food and oil processing plant had already surpassed its entire annual production task and each economic target. At the same time, various enterprises actively began movements to save energy and expenses and create income. Under conditions of the changeover from the old to new economic system, intense market competition, higher prices on various raw materials, and a shortage of circulating funds, enterprises throughout Lhasa strive to reduce product costs, do all they can to shrink nonproduction expenses, expand product sales and reduce inventories. Product costs fell to various degrees and economic efficiency rose at five enterprises: the Lhasa mining company, cement manufacturing plant, wood articles plant, handicraft and art products plant, and the East Wind sideline food products plant.

FINANCE, BANKING

Bank Official Discusses Financial Reform

94CE0255B Beijing JINRONG SHIBAO in Chinese
15 Dec 93 p 1

[Article entitled "Zhou Zhengqing (0719 2973 1987) Discusses the Restructuring of the Financial System"]

[Text] XINHUASHE—Beijing, 14 Dec—Zhou Zhengqing, vice president of People's Bank of China, who spoke here recently said that the goal of the restructuring of the financial system next year is to set up a central bank system under the State Council's leadership to implement the monetary policy independently; set up a financial organization system that separates policy-oriented and business-oriented financial matters and makes the state-owned commercial banks the primary system but accommodates other kinds of financial initiations; set up a unified and open, orderly and competitive, and closely managed financial market system; and to implement stage-by-stage reform of the foreign exchange management system according to international practices.

At the Restructuring of the Financial System Report Meeting jointly sponsored by the CPCCC Propaganda Department, Party Committee of Departments under the Central Committee, CPC State Organ Work Committee, Beijing Municipal Party Committee, and the PLA General Political Department, Zhou Zhengqing said, since 1978, in the wake of the deepening reform of the nations' economic system, a series of reform of the financial system has also been implemented. Consequently, we are beginning to find different kinds of financial institutions; we have a central bank system and are gradually setting up a financial macroeconomic regulation and control system that integrates direct and indirect regulation and control; we have made progress in creating new financial tools and different ways of extending credit; we have a fledgling financial market; and we have begun to restructure the foreign exchange control system. We have further opened up the financial sector to the outside world.

Zhou Zhengqing pointed out that despite the progress made in the restructuring of China's financial system, the old system is still flawed. Primarily, People's Bank of China has not turned into a bona fide central bank. It has not really assumed the responsibility of supervising the nation's financial activities. The central bank itself is still handling some policy-oriented loan business. We are still not utilizing the monetary policy tools skillfully enough, and we lack effective indirect regulation and control measures. The specialized banks are still not separating government from enterprises, and unlike banks in the market economy, they lack the mechanisms to discipline themselves or let risks constrain their behavior. The financial market lacks effective supervision which often leads to market disorder and confusion. Reform with respect to the financial infrastructure has been slow.

Zhou Zhengqing said, the main purpose of the restructuring of the financial system which begins next year is to turn People's Bank of China into a bona fide central bank. The specific reform measures are: To change People's Bank's functions and define its duties. The headquarters of People's Bank will have the power to issue currency, the power to manage basic money, and the power to regulate and control the overall credit volume and regulate the interest rate standards. The headquarters of the People's Bank normally will have financial dealings only with the national commercial banks. The branches' basic duties are to exercise financial supervision and management, compile and analyze statistics, regulate the money supply laterally, manage the state treasury, regulate and transfer cash, and manage foreign exchange and inter-bank settlement. In restructuring and improving the monetary policy system, People's Bank's ultimate goal is to maintain currency stability and in turn promote economic growth. The monetary policy's intermediary and operational targets are the money supply, the credit volume, inter-bank short-term loan rates, and bank reserve rates. Meanwhile we must strengthen the central bank's leadership, supervision, and management of the nation's financial industry.

Zhou Zhengqing pointed out that, next year, we must set up policy-oriented banks, achieve the separation of policy-oriented and business-oriented financial undertakings, and solve the problem of specialized banks taking on double responsibilities. After the policy-oriented banks are established, they must strengthen management, take their own risks, uphold the principle of not doing money-losing business and not competing with the commercial financial institutions, and accept People's Bank's supervision on business matters. After separating out the policy-oriented matters, existing state-owned specialized banks should gradually be turned into state-owned commercial banks, and they should operate like modern commercial banks. Zhou Zhengqing said state-owned commercial banks should compete among themselves, and their businesses may overlap. State-owned commercial banks must not invest directly in nonfinancial enterprises. Meanwhile we must actively but steadily develop a cooperative bank system, which consists mainly of urban cooperative and rural cooperative banks. Their responsibility is to serve the medium-sized and small enterprises and the agricultural and developing regions.

Zhou Zhengqing said, we must set up a unified and open, orderly and competitive, and closely managed financial market and a tightly controlled money market; we must clearly define and regulate the market entities and their conduct to prevent funds from draining away from the money market to the securities market and the real estate market; we must perfect the national debt market and create conditions that enable People's Bank to engage in open market operations; we must perfect the stock market and restructure the foreign exchange control system—the long term goal is to turn RMB into a convertible currency.

Finally, Zhou Zhengqing emphasized that the direction of next year's restructuring of the financial system is set and specific steps are mapped out, but in the actual implementation process, particularly in changing from the old to the new system, we must insist on controlling the total volume to prevent runaway inflation. He said that this round of financial reform will be more rigorous and broader in scope than previous rounds, and it will entail major changes in the central bank itself. This means we must pay even closer attention to controlling the total volume; otherwise not only will the restructuring of the financial system fail but the whole economic reform process will be jeopardized. Thus, in next year's financial reform, before the new monetary policy tools and specific measures are in full operation or show initial improvement, we should not be rash and abandon the original volume regulation and control measures prematurely. Zhou Zhengqing said that after the policy-oriented operations are taken out of the state-owned specialized banks, it does not imply that they will automatically become commercial banks. The transformation of specialized banks into commercial banks is closely tied to the establishment and perfection of

China's modern enterprise system. It must be coordinated with the reforms of the planned system, investment system, foreign trade system, and taxation system. The transformation itself is a process.

To implement financial reform, we need a series of financial laws and regulations. Some parts of the reform must be defined in legal format to ensure an orderly process. Next year will be a year of financial legislation. We expect that more than 20 laws and regulations will be drawn up and ratified.

INDUSTRY

Output of Raw Materials in December

HK2001110594 Beijing CEI Database in English
20 Jan 94

[Text] Beijing (CEIS)—Following is a list of the output of raw materials in December 1993, released by the State Statistical Bureau:

Item	Unit	12/93	11/93
Iron ore	10,000t	2953.1	1938.5
Pig iron	10,000t	770.5	693.7
Steel	10,000t	769.4	704.8
Rolled steel	10,000t	615.18	559.00
Ferro alloys	10,000t	22.96	19.40
Coking coal	10,000t	591.34	540.93
Ten nonferrous metals	10,000t	28.54	24.60
Of: Copper	10,000t	5.31	5.21
Aluminium	10,000t	10.23	9.48
Copper products	10,000t	8.26	4.21
Aluminium products	10,000t	4.39	4.34
Alumina	10,000t	5.08	13.67
Sulphuric-iron ore	10,000t	15.80	132.12
Phosphorus ore	10,000t	129.01	199.60
Timber	10,000cu m	579	504
Artificial board	10,000cu m	53.35	35.78
Cement	10,000t	3397.4	2722.2
Plate glass	10,000c	1051.20	988.29

Notes: t - ton, cu m - cubic meter, c - case

LABOR

Dai Qing on Han Dongfang as Workers' Leader

94CE0234A Hong Kong KAIFANG [OPEN MAGAZINE]
in Chinese No 10, 18 Oct 93 pp 52-54

[Article by Dai Qing: "How Will Han Dongfang Establish His Own Orientation?"—First paragraph is editor's note]

[Text] *This article was written to explain the circumstances of Chinese workers under 40 years of Chinese Communist Party rule and the events involving the CPC's deep-seated feelings against the workers' movement and against Han Dongfang. It also deals with the question of what role Han Dongfang has set out for himself.*

With the overseas democracy movement seemingly quieter with each passing day, suddenly, we have the events surrounding Han Dongfang's challenging Beijing and then running into roadblocks. According to my view from the sidelines, the Chinese Government and the overseas democracy movement each do their own talking, but they never have any contact. Hence, what has emerged is a situation of mutual denouncement, mutual revilement and harming the opponent but never attacking his vital points; not because both sides are different, but only because the mental knapsacks of both sides are crammed so full of their stock roles and phrases, they are unable (or unwilling) to talk about that which is the most crucial.

The CPC Cannot Bring Itself To Mention Han Dongfang

If we look closely at the relevant legal statutes, the Chinese Government is in the wrong. Everybody maintains that Han was issued a valid passport, and if they want to put him in prison, to kill him or want to force to surrender, they must first allow him to enter the country, at least in theory. If they don't in fact imprison him, or kill him, then most likely they will also not be able to play the game of inducing him to capitulate, and will not be willing to sink so low as the Kuomintang and resort to assassination, so it will push the view abroad that everything is just fine, something that is clearly naive, is it not? Of course, using the term "naive" to describe the CPC I fear is a perfectly inappropriate use of the word. The problem is that is it not naive to use the term naive in regard to the CPC? My response is that I find it difficult to talk about this.

What do I mean by difficult to talk about? First we must talk about Han Dongfang. Han emerged as a leader of the "Workers' Free Trade Union" in 1989, and no matter how hard he worked to appear moderate and rational, within the government and the society as a whole (including the US AFL-CIO and Hong Kong's HK Alliance in Support of Democratic Movement in China) there is fear that in his own mind, his social role and orientation is as a "leader of a workers' movement." But what is the workers' movement? For China what was yesterday's, what is today's and what will be tomorrow's

worker's movement? How will this movement be led? And after this movement, what then? I think that it is Americans and Hong Kong people who do not understand these questions, including in this group the hard working and honest Mr. Szeto Wah; Han Dongfang himself does not understand very well. The CPC has the most understanding of the issue, but cannot say anything. This is because it does not want to allow those hundreds of thousands of industrial workers inside the country to understand. In fact, it does not matter much if the industrial workers understanding of these questions is no better than their confusion regarding them, but this touches on the theoretical foundation on which the CPC established the party and established the government. I do not know if the readers have all had this experience: Among CPC cadres there is no lack of people who are warm and sincere and do solid work, but if you touch on ideology, and the theory of class struggle, then each and every one has a wooden face, and unshakable determination. Therefore, in talking about this "Han Dongfang returns to China and runs into obstruction" event, one must start from the basic theories of the CPC and the Chinese workers' movement.

Since there have been machines, there have been workers to run the machines, and there have been workers who understood themselves that they should be able to make a decent livelihood, and that after struggling for a certain period for this livelihood, there will be a worker's movement and for convenience this movement will organize unions. This circumstance has continued to the present, and has continued until at the same time as the Han Dongfang case, the entire Hong Kong Immigration Bureau asked for sick leave. Over the last several centuries, people are already quite familiar with this concept, that in order to describe this below for convenience, we will for the moment call workers that for their own economic interests conduct a struggle to form an organization a welfare [material benefits] union movement.

Lenin Changed Welfare Union Movement Into a Political Activity

A welfare union movement is not very frightening, and this can be said to stem from its strong industrial character (it also does not have an all-encompassing social nature) and its consultative character, and its social destructive power is limited. After the goal of material benefit has been attained, the movement also ends, and the society as before relies on its own rules and regulations. This is also why countries that only have welfare movements, though at times there are some who are discontent and disturbances occur, the society as a whole is consistently comparatively stable, and labor unions can jointly exist with capitalist industrial production, as they have up to this day.

What is unfortunate is that in the 19th century, we have the emergence in Europe of the philosopher and economist Karl Marx, who expounded the labor theory of value. This was an achievement puffed up with the

conceit of academic circles (compared with Marx's academic activity, his revolutionary practice appears quite minor); later, Lenin, a social activist who fully accepted the tradition of the purity of the people, in a critique of the value of this theory, added emotion (injustice), and the next step then was to extend the theory to the political realm (ending this injustice), and the result was trouble arising in a Russia that was outside the bounds within which this theory was expounded. Again later on, after this theory, including the carrying out of practice based on this theory through "the sound of gunfire," had arrived in China, the CPC regarded it as a divine instruction, and as "advanced," and even definitively stated that the burning-with-impatience intellectuals should start to look down on any other theory outside of this Leninized principle, and from this abandon their base and take the path of theory, marching in succession towards the factories and mines, playing the character of a 20th century Chen Sheng-Wu Guang Uprising [209 B.C., first large-scale peasant uprising in China's history] with a guiding principle and an organization.

For old Communist Party members this is very important indeed, and when we think about the Cultural Revolution period, and in order for the picture of Mao Zedong and Liu Shaoqi entering the Anyuan Coal Mine to have been drawn and create such a hubbub, we realize that this was no trivial matter. At this time, the "politically awakened" workers could not be controlled by a few cadres for a few hours, and many waved some money in front of their eyes. This was a formula used by scab unions to draw in corrupt workers. A working class armed with advanced thinking had to be political, and had to "cast off the shackles from their bodies, and take on the whole world!"

Some Characteristics of the Situation of Workers in China

Originally, China was an agricultural country, and the workers' movement had little effect during the struggle to seize power. But this did not hinder the thoroughly astute Mao Zedong from using a greatly simplified and Sinicized unified theory to arouse the peasants, and this allowed him to force other people, including the old-timers [laobizu], foreigners, the representatives of foreigners, and "leaders of the white areas," to one by one stand aside, and in the end he prevailed through absolute superiority—this before ever entering a city.

After entering the cities, the situation for Chinese workers then really becomes difficult to explain in a few words. To sum it up, it involved the following points:

- 1) Workers were put in a very high political position by the CPC. "Roots red, seedlings straight!," "leadership in everything!," everybody was familiar with these sayings, and didn't say them much.
- 2) Because on the mainland a policy of bringing living standards to the same level, the people's economic position was not bad, including that of idlers and fools.

3) Although there are unions, they are hollow, useless organizations—the All-China Federation of Trade Unions is subordinate to the CPC Central Liaison Department. Union grass-roots level organizations also exist as subordinates of the Trade Union Federation, but they only manage dances and organize excursions. There is no way for them to clamor for material benefits: Are you not the owner of the factory? How can the owner petition himself?

4) In terms of politics, people think but all do not use their thoughts. You are the leading class, you already have rights, what further is there to ask about politics? If one does not think about this or take any interest in it, there are also opportunities, and the CPC early on gave you a firm definition, but which political movement in the end was able to dispense with the stand taken by the working class. In 1957, the turning point in the Anti-Rightist Struggle from "attracting" to "attacking" was when "the working class had spoken;" in 1976, the "attack" was already concrete as the workers arrived on the scene with government-issued clubs for dealing with the students and city residents. But this was not only "the broad masses of the workers"; some were fortunate to be able to serve as leading cadres, even central leading cadres.

The Reasons Why the CPC Will Not Let Han Dongfang Return

The reasons CPC authorities will not allow Han Dongfang return should be very clear.

First, what type of movement actually is the workers' movement led by Han Dongfang? Is it a Western-style unionist welfare movement or is it a CPC-type political movement? For me, looking at Han since 1989, including an examination of his statements and actions prior to his imprisonment and after his release, what he has done is exactly the same as Wuerkaixi and Chai Ling, completely deviating from the CPC's mold, by marching along in the footsteps of the elder generation, in which the intellectuals were concerned with society, and really becoming involved with the thoughts and feelings of social reform, going down amongst the workers, and arousing them, organizing them.... This time, the intellectual's actual educational pedigree, and occupation, including his consistently vainly hopeful moderate positions and reasonable dialogue, have already become not important, and the part he plays is the role more than 70 years ago of Zhang Guotao and that played by Liu Shaoqi (exactly like the May Fourth Movement and 9 December Movement hero images compiled by the CPC and studied by Wuerkaixi and Chai Ling). This is the first layer.

Second, at that time the CPC was arousing the workers, arousing the students, and those in power constituted the "KMT reactionary regime," therefore this was right. Now, however, with the peoples' regime under the leadership of the CPC, what you are doing resembles, and again is modelled on the complete teachings of the CPC,

which, in this case, I beg your pardon, is counterrevolutionary!! The reader I'm afraid still remembers those days in 1989, those two characters meaning "patriotism," and how justly and forcefully the students demanded, how justly and forcefully Li Peng would not give, making the whole world as a result feel injured and resentful, and that the truth lay here.

Third, any of those in power know that in arousing the students, even if those aroused to take the lead cherish the most utilitarian of political goals, it is also possible to have nothing extraordinary occur—the South Korean students and the police have fought day after day, while the nation's power all the same has continued to increase. Arouse the workers, and they can cut off water supplies, electricity, cut off transportation, their power to disrupt society is too great. A movement to gain material benefits uses just this type of deterrent to achieve its goals. But economic demands also have a finite end, and the capitalist side goes to extremes to declare that it will go bankrupt. Political demands are difficult to deal with, and if as luck would have had it, they had been in compliance with the CPC's political demands of that year, would the movement have been of any size? Among these people, who is there that has an even clearer stand than the CPC itself? Would the authorities be able to contain you as you carried political motives in arousing the workers?

Fourth, I will form a movement for material gain, is this allowed or not? As a matter of fact, China at present already has a number of fragmentary movements seeking material benefits, but these have not been stirred up by people concerned for their country or their people such as Han Dongfang. Rather, their standards are low, their scale is small, the extent of their contacts is narrow, and their goals are simple. Even though they are this way, the authorities pay close attention to each occurrence, and in the shortest possible period and within the smallest possible scope, either control and stop it, or the problem is resolved and issue dropped. Movements for material benefits in China are by no means the same as in a country with private ownership and market economic mechanisms. In China, capital is the state, and the interests that one demands conflict with the interests of the government and takes from the government's pockets, so how can the authorities not be in pain? This is commonly understood. Arriving at the present time, the anger of China's hundreds of thousands of workers does not come from one place alone. Reform, reform, from the halls of officialdom come petty thieves and hoodlums, all getting rich, and only the greatly perspiring and hard working "leadership class" is suffering. Add to the fact that Li Peng has been floundering about for several years, and large- and medium-sized enterprises are not doing well. If they do not act in accordance with Li Peng's approach, to greatly expand imports, then the fact is that state-owned enterprises will be even more anemic. Running here, running there, finances worsening, wages not being paid. At this juncture, engaging in a movement for material benefits is exactly the type of

tool that an out-of-power politician searches for to cut down those in power, if it is not subversion, what is it? How can the authorities dare allow Han Dongfang to return to Beijing?

What Role Does Han Dongfang Want To Play?

In response, your government blocks the way of one Han Dongfang, has the situation turned into a completely economic one? Han Dongfang cannot enter the country, China is such a large place, how is it that there have not emerged a Zhang Xifang [west], a Wang Nanfang [south] or a Zhao Beifang who cherish the same ideas, and along with him experienced the same "growing up accepting the Party's education?" The question is how in terms of principles and policies, to make Hang Dongfang and industrial workers understand that revolution is not a good method for resolving China's problems, and is by no means the only method. The CPC itself succeeded in revolution, but China's affairs have not been handled well; today change is arising in the same way, and those suffering losses will still be the common people.

It is a pity that the CPC today has sealed off channels through which criticisms and suggestions could be communicated to the leadership, and wants to as before through talking big, "stuffing" the workers, playing a new trick by having a beauty contest, and singing soft popular tunes, to lull the workers, and not allow people to discuss principles with clarity. This being the case, it is forced to taste bitter fruit—including the various types of inconveniences that go along with Han Dongfang.

For Han Dongfang, I only hope that he has given a lot of thought to his place in society. If he only has a happy, patriotic desire, then he should go and do what he will do; if he wants to be the leader of a workers' movement for material benefits, he must first clearly understand the circumstances of China's industrial workers; if his ultimate goal is to be a social activist, a politician out of power, and then become a wielder of power, like China's Wang Zhen or Poland's Lech Walesa, having just experienced everything, this would also be one stage in his own revolutionary career, as well as not requiring too much grief.

Article Views Causes of 'Labor Tide'

94CE0249A Beijing JINGJI RIBAO in Chinese 11 Dec 93
p 1

[Article by Zhang Zhongying (1728 0122 5391): Analysis and Projection by Concerned Department on Labor Migration: Causes Leading to "Labor Tide" Continue To Be of Concern"]

[Text] The concerned department, in a recent analysis and projection of the labor migration, concluded that the momentum of migrant laborers traveling during the Spring Festival period will not slacken and that causes leading to the "labor tide" still exist.

According to statistics of ten major labor exporting provinces (prefectures) such as Sichuan and Henan, the number of laborers emigrating under organized labor department sponsorship reached some 6 million persons; but based on sampling studies and statistical analyses, the number of laborers emigrating individually or without organized labor department sponsorship is estimated to be more than twice that number, i.e. some 12 million persons; thus combining both categories, the total amounts to 18 million persons. When the number of laborers migrating from other provinces (prefectures) were included, the number of migrant laborers in China totals about 20 million.

In recent years, the direction of labor migration has concentrated on those areas considered to be the economic "hot spots." Based on preliminary analyses, the Zhujiang River Delta area has taken in about 6.5 million laborers from other provinces, the Shanghai-Nanjing-Hangzhou area approximately 1.2 million, the two municipalities of Beijing-Tianjin approximately 1.5 million and the Fujian coastal areas about 800,000 persons; therefore, the number of migrant laborers from other provinces who were drawn to the various economic hot-spot areas totalled some 10 million persons, accounting for about one-half of total migrant laborers.

The projection is that during the Spring Festival period, the momentum of labor migration will not slacken, and causes which lead to the "labor tide" remain operative:

First, the several highly productive areas of the Zhujiang River Delta, the Changjiang River Delta and the Beijing-Tianjin area are still China's economic "hot spots," and when the economies in other areas are cooling down, the former's attraction to laborers from other provinces not only has not diminished but has become stronger.

Second, it will take some time before the effect of measures taken to stabilize the rural areas and strengthen agriculture will be felt, and the peasants, influenced by the signals and relatively better economic benefits of the market, are therefore turning toward the economically developed areas, and this is a trend that cannot be reversed in the short term.

Third, in the interior area, some provinces have already used the exporting of surplus laborers as a "core enterprise" to invigorate the rural economy and help realize the goal of becoming "moderately well-off." That being the case, the number of surplus laborers exported is likely to increase.

This situation is certainly going to create even greater pressure on the already over-burdened railway transportation system. At present, the Guangdong Province's Labor and Railway Departments are making projections based on studies that in the period before and after next year's Spring Festival, more than 2 million persons will be returning home in other provinces to visit relatives, an increase of 70 percent over this year's. If a 15 percent factor were added (to account for the new migrant laborers who will follow the old-timers when they return

to Guangdong), then during the 30 days spanning the Spring Festival, the rail system will have to handle an estimated 4.3 million travelers (2 million on the outbound and 2.3 million inbound).

Besides, even if only 50 percent of seasonal laborers were to travel home from the Beijing-Tianjin, Shanghai-Nanjing-Hangzhou and Fujian Province coastal areas, their total number will be some 2 million persons, and their roundtrip travels will add some 4 million travelers to the rail system.

Adding migrant laborers from other areas, it is estimated that in the period before and after the 1994 Spring Festival, a total of more than 10 million migrant laborers will be traveling on the road.

Commentator on Guiding 'Labor Tide'

94CE0249B Beijing JINGJI RIBAO in Chinese 11 Dec 93
p 1

[Article by this Newspaper's Commentator: "How Should We Regard the 'Labor Tide'"]

[Text] Hardly had the news media stopped publishing stories on labor migration at the beginning of the year, and the "sun" has yet to complete its 365-day cycle, the "labor tide"—usually a hot topic when Spring Festival comes around next year—has already come under heated discussion among the people. Shanghai calls it an emergency; the pressure on Guangdong is also considerable.

In recent years, more and more peasants have left their villages in the interior to work and make money in the Southeast coastal areas, and many of them would go home to visit relatives during the Spring Festival period and return to their work areas bringing others with them. This is called the "labor tide" because of the timing, scope and direction of the migration and numbers of migrating laborers involved.

Even though various sectors of society hold different views toward this "labor migration" question and offer different explanations for the phenomenon, there is one point which is beyond dispute: this kind of migration is necessary in a market economy; on the one hand, given the sluggish economic development in the interior, the surplus of peasant farmers and the scarcity of land, a great deal of surplus labor is available in the rural areas. On the other hand, with the economies of coastal areas developing rapidly, a labor shortage has developed, which can be met by migrant laborers from other areas. Peasants in the interior through migration can obtain employment; they not only support economic construction in the coastal areas, but also increase their own individual incomes, and this is a good thing for the individuals as well as the nation.

If this situation is inevitable and even advantageous, why is it that when the Spring Festival comes around each year all sectors of society pay such close attention, with some areas and concerned departments actually

treating the situation as a crisis? The main reason is that the migration takes place on a large scale in a very limited time frame, and this exceeds the capacities of cities and transportation systems to handle the situation.

The railroads, the heart of China's transportation system, are normally operating at peak capacity; during the Spring Festival period in recent years, the railroads face the staggering burden of handling seasonally higher passenger traffic as well as the additional round-trip travels by massive numbers of migrant laborers. Some of the heavily travelled rail lines, such as the Beijing-Guangzhou line, the Beijing-Shanghai line, etc. which on average operate at 80 percent over-capacity, sometimes have to operate at 100-200 percent of capacity. The concerned department learned from a survey last year that over 400 persons were jammed into one 116-passenger hard-seat rail car. Some of the laborers who could not get on the train and became stranded at intermediate stops of their journey generate additional pressure on the smaller cities and towns which are relatively backward in infrastructure facilities. It is said that several years ago when the labor tide started to pour into Guangzhou, the Governor, Mayor and other administrators of Guangdong had to hold emergency meetings to discuss the question of building toilets for the migrants. When large numbers of migrant laborers are held up in any locations, they also affect public security.

Two mutually contradictory questions therefore confront us at the same time: while we want to go with the trend of encouraging agriculture in the interior to cut down on surplus farm laborers and encouraging the latter to emigrate and to match up with production needs of the developing coastal areas; at the same time, we also want to maintain normal social order and to ensure stability in the society.

Let's face reality, we cannot give up eating because of a hiccup or two, and we can only make the following choices: rationally control the concentrated, large-scale migration of laborers, prevent or put a stop to unplanned migration and deal with the "labor tide" in a timely fashion by focusing on the positive features and minimizing the defects. At present, the concerned departments are united in their efforts to promote the drawing up of a labor cooperation agreement between Guangdong Province which takes in large numbers of migrant laborers and eight provinces (prefectures) such as Sichuan, which export large numbers of surplus laborers, to draw on Guangdong's experience in handling the labor tide to establish a system of regional labor cooperation agreements for East China and North China areas, and gradually to establish within China a basic system for handling multi-area migration of laborers that supports the market economy, the market information system and service network, in order to enable those areas which have relatively large-scale inflow and out-flow migrations of farm laborers to achieve the goal of orderly rural labor migration. Therefore, the issues which urgently need to be addressed at present are projecting, guiding, and managing the direction and flow of the labor tide."

Statistics Show Steady Wage 'Increase'

94CE0267A Beijing ZHONGGUO XINXI BAO
in Chinese 22 Dec 93 p 3

[Article by Wang Yunling (3769 0061 0407): "November Worker Increase Relatively Low"]

[Text] In line with deeper reform of the labor, personnel and allocation systems, in November the numerical increase in workers nationwide was relatively low while total wages rose steadily and maintained a rather high increase.

According to statistics, at the end of November the number of workers nationwide was 147.72 million, up 180,000 people from the end of October but still down 200,000 people from the end of 1992. Growth in the number of workers at state-owned economic units and urban and rural collective economic units was slow while growth in the number of workers at various other economic units rose rather greatly. At the end of November the number of workers in the last category was 3.36 million people, up 540,000 people over the end of 1992 and up 850,000 over the same period in 1992. In state-owned economic units the number of workers was 108.84 million people, up 160,000 people over the end of October and down 60,000 people over the end of 1992, or basically the same as the end of October. In urban and rural collective economic units, the number of workers was 35.52 million people, down 690,000 people by the end of 1992, basically the same as the end of October. Besides greater flexibility of worker use in enterprises and ever stronger worker use mechanisms, the main reason for the rather slow recovery growth in the number of workers is the change which has occurred in people's choice of occupations in line with the transition toward a socialist market economy. There has been a non-stop increase in some surplus or terminated workers or workers who are retained with no salary who engage in individual operations or are reemployed by private enterprises. There is a steady increase in workers in the contract system of state-owned economic units. At the end of November, the number of such workers reached 22.31 million, up 1.72 million people from the end of 1992. The number of fixed workers was 74.07 million people, down 1.54 million people from the end of 1992. The number of temporary workers and those used outside planning was 12.46 million people, down 240,000 people from the end of 1992.

In November, workers nationwide were issued 40.02 billion yuan in wages, up 7.8 billion yuan over the same period in 1992, or up 24.2 percent. Of this figure, state-owned units accounted for 31.3 billion yuan, up 6.0 billion yuan over the same period in 1992, or up 23.6 percent. Urban and rural collective economic units accounted for 7.18 billion yuan, up 1.1 billion yuan, or up 17.9 percent. Various other economic units accounted for 1.54 billion yuan, up 750 million yuan, or nearly 100 percent.

Considering January to November as a whole, workers nationwide were issued 395.5 billion yuan, up 70.92 billion yuan over the same period in 1992, the highest point for accumulated wage growth in 1993. Of this figure, state-owned units rose 21.9 percent, urban and rural collective economic units rose 15.1 percent, and various other economic units rose 73.5 percent. Total wages continued to maintain a fairly high increase rate. The main reasons for this are: one, in 1993 material price inflation has been consistently rapid, accelerating wage increase; two, there has been a turn for the better in enterprise overall economic efficiency. Bonuses and subsidies correspondingly rose substantially. According to statistics, from January to November, as a whole nationwide workers were issued 81.44 billion yuan in bonuses, up 34.5 percent over the same period in 1992. State-owned units accounted for 67.07 billion yuan of this figure, up 17.34 billion yuan over the same period in 1992, or up 35.1 percent. Allowances and subsidies accounted for 94.07 billion yuan, up 20.57 billion yuan over the same period in 1992, or up 28.0 percent.

Since 1993, worker wages nationwide have consistently maintained a fairly high growth rate. In some areas the pace of wage increases has consistently been lower than the national average due to sliding enterprise economic efficiency. Heilongjiang Province consistently has had China's lowest wage increase level. According to reports, four large complete coal mines, large-scale military industrial enterprises and forestry industry enterprises in Heilongjiang defaulted on approximately 1.1 billion yuan in worker wages, seriously affecting workers' security and stability. Therefore, further deepening reform, accelerating the transformation of the operating mechanisms of state-owned enterprises, especially large- and medium-sized ones, will allow them to develop in a fair and rational market competition environment in a healthy manner. This is the key to fundamentally turning around the overly low growth in worker wages at large- and medium-size enterprises.

TRANSPORTATION

Anhui Transport Construction Makes Strides

94CE0242B Hefei ANHUI RIBAO in Chinese 1 Dec 93 p 1

[Article: "Building a High Speed, Highly Effective Transportation Network"]

[Text] Anhui has made giant strides in transport construction. According to preliminary statistics, in the first 10 months of 1993 a total investment of 1.0018 billion yuan was spent on 11 key transport construction projects, up 115.54 percent over the same period in 1992.

In keeping with the aim of quickly and effectively building an integrated transport network, Anhui stresses construction of national railroad trunk lines and road hub network projects. At the same time it is strengthening north-south road connection capabilities and expanding roads towards the coast. The scale of projects is increasingly large and grades are ever more improved, an initial indication that a modernized transport network with a backbone of high quality roads is taking shape.

—Regarding railroad construction: By the end of October, 54.4 percent of the entire multiple track line roadbed in cubic meters of earth and stone within Anhui Province of the Beijing-Jiujiang railroad was completed; more than 80 percent of the bored pile design for five particularly large bridges on the Fuyang-Jiujiang line was finished; and 41 percent of the Fuyang hub in earth and stone cubic meters was done. Construction began on two particularly large bridges and 26 medium-sized bridges. Forty-four kilometers of principal track on the Fuyang-Huainan multiple track line were laid; the entire line can be running, within one year, attaining the goal of linking three areas. One hundred kilometers of the Hefei to Anqing section of the Hefei-Jiujiang were laid, reaching the town of Gaohebu. On the Hefei railroad hub, 560,000 earth and stone cubic meters have been worked. Work has begun on building 21 bridges and culverts and 28 medium-sized bridges.

—Regarding highway construction: The first stage of the Hefei-Wuhu highway, a 52-km roadbed from Xiage to Shenjiayang, has been laid. The entire roadbed for the Hefei-Tongling first-grade highway restricted to vehicle use, linking Hefei, the coastal economic zone, and the Huang Shan and Jiuhua Shan tourist areas is done. All-out efforts are being invested in road surfacing. Recently the groundbreaking was held for the Dalong section of national highway 312. Seven of the eight main river piers for the Tongling-Chang Jiang highway bridge have emerged from the water and work is beginning on the superstructure.

—Regarding airport construction: Anqing airport expansion has been examined and approved by the state. The Wuhu-Beijing airline officially began flying. The construction curtain was raised on the Fuyang airport.

—Regarding harbor channel construction: With the Wuhu port as the "faucet" of Anhui's river coastal area, construction is intensifying on modernized harbors with Maanshan, Tongling, Shazhou and Anqing as the two wings. The Xin'anjiang region unified airline was arranged to build a new group of passenger and cargo wharves using French Government loans for the Xin'anjiang airline overall utilization development project. After it is built it will provide the conditions for developing Huang Shan tourism and coastal economic development.

Railroad Transportation Capacity Faces 'Bottlenecks'
94CE0242A Beijing ZHONGGUO XINXI BAO
in Chinese 29 Nov 93 p 1

[Article by Chen Shu (7115 6615): "Prominent 'Bottlenecks' Restrict Railroad Transportation; Highway Transportation Capacity Relatively Overbuilt"]

[Text] Transportation has become a huge factor restricting acceleration of China's economic development. So, what is the actual restraint situation? This reporter recently learned from relevant sectors that the so-called transportation restriction refers only to the overall situation which varies greatly among various transportation industries. Taking railroad and highway transportation for example, railroad transportation "bottlenecks" are entirely prominent, while highway transportation is relatively overbuilt.

According to explanations by comrades related to railroad sectors, in recent years state expenditure has greatly accelerated railroad construction. At present 10 major railroad projects have fully entered the design and construction stage. In the first half of 1993 alone, investment reached 3.42 billion yuan. The Lanzhou-Xinjiang multiple track, Hou-Yue line, Bao-Zhong line, Beijing-Zhengzhou electrification, and Nanning-Kunming lines have all entered a high tide of construction. However, railroad transportation still is severely stagnant because of many factors. In the short term the conflict of transportation capacity lagging behind economic development still is rather prominent. There are relatively great deficiencies, whether of freight or passenger transportation. According to relevant sectors, the first half of 1993 was one of the most serious periods ever for a shortage of railroad transportation. The average rate of satisfying of applications for rail carriages for freight use was around 40 percent, more than 10 percentage points below a normal year. It was hard to ensure transportation of some state plan and key commodities. For example, in May 162,000 tons of coal was under plan contract for use in the chemical industry nationwide. Actual arrangements were made for 87,000 tons and the actual amount transported was less than 80,000 tons. Transportation was a major external cause affecting shortages of state steel contracts in the steel industry nationwide. Economic development was unusually rapid in the southeast coastal area in 1993, and investment has doubled, creating a large volume of goods and passengers flowing southward, and meaning even more prominent already over-capacity Beijing-Guangdong and Beijing-Shanghai lines. Goods headed south for Guangdong can only be one-fourth of applications. Many mining enterprises along some coastal lines have restricted or ceased production because there is no way to guarantee railroad carriages. The passenger transportation shortage situation also is extremely serious; main trunk lines commonly are more than 50 percent over capacity. In some areas there is no choice but to scatter passengers by using commodity cars for travelers.

According to transportation sector explanations, in recent years the stress of highway construction mainly has been on roads for vehicle use to realize the goal of a nationwide "two vertical and two horizontal" network. The trend has been led by localities with central government assistance, full utilization of accumulated funds and loans, opening up a modernized highway transportation network. There have been great successes. Nevertheless, there is a relative shortage of passenger and commodity resources, road conditions are rather poor and highway transportation prices are too high compared to rail because of the rapid increase of vehicles in society. Transport capacity is relatively overbuilt, meaning severe waste.

According to statistics, in the first half of 1993 the quantity of civilian vehicles recovered throughout society had reached nearly 7.5 million units, a net increase of more than 1.2 million units over the same period in 1992, a 19 percent increase rate. The corresponding passenger and freight transportation rates were 3.63 billion people and 3.86 billion tons, respectively, up only 5.2 percent and 6.4 percent over the same period in 1992. On the other hand, vehicle utilization rates dropped. According to a random survey by sectors concerned in the first half of 1993, cargo carrying vehicles had an average empty driving rate as high as 48.2 percent, up 4.8 percentage points over the same period in 1992. Specialized transportation sector vehicle work rates were only 56 percent, down nearly 10 percentage points from the same period in 1992. Highway transport's advantages of being fast, convenient and flexible have yet to be developed.

Officials Report on Xinjiang Highway Construction

NPC Vice Chairman on 'Important Task'

94CE0268A Beijing ZHONGGUO JIAOTONG BAO
in Chinese 23 Dec 93 p 2

[Article: "NPC Vice Chairman Tomur Dawamat Emphasizes That Highway Construction Is an Important Task in Xinjiang's Development"]

[Text] On 2 December 1993, NPC Vice Chairman Tomur Dawamat cut the ribbon for the opening to motor vehicle traffic of the second phase of National Highway No. 312, the Changji to Hutubi section. In a discussion with leading comrades from the provincial department of transportation, the Changji Autonomous Prefecture, and concerned departments of the Autonomous Region, he pointed out the need to definitely make highway construction an important task to be emphasized in Xinjiang's development.

He said that six of the eight highways turned over in 1993 to the state by the Xinjiang Transportation Department were assessed as fine projects, being a great contribution. Highway construction in Xinjiang is particularly important, so must definitely be made an important task

to be emphasized. In such a large place as Xinjiang, highways carry 84 percent of Xinjiang's freight and 97 percent of its passenger traffic. In Xinjiang, highway construction is a matter of economics, culture, and stability, with more and better-built roads strengthening unity among the people of all nationalities, thus being a blow against ethnic separatism. As 1995 will be the 40th anniversary of the founding of the Xinjiang Uygur Autonomous Region, we will need to put more energy and funding into building better roads to make Xinjiang more thriving and prosperous.

Tomur Dawamat inspected the second phase of the motor vehicle highway from Changji to Hutubi in the blowing snow, visiting with highway construction workers of all nationalities. The second phase of National Highway No. 312, the section from Changji to Hutubi, is 49.86 km long, being a westward extension after the first phase from Urumqi to Changji was completed and opened to traffic, and having been built in the five years beginning in September 1988 by the Xinjiang Transportation Department's Second Highway Construction Office. The Examination and Acceptance Commission has assessed it as a fine project.

Transportation Director on 'Achievements'

94CE0268B Beijing ZHONGGUO JIAOTONG BAO
in Chinese 23 Dec 93 p 2

[Article by Xinjiang Transportation Department Director Yunusu Yusufu (0060 0505 2448 3768 4790 3940): "Despite the Heavy Responsibility, Development Is Advancing"]

[Text] In 1993, Xinjiang highway construction scored rich successes. In this one year, of the nine highway construction projects in the National and Autonomous Region's 7th and 8th Five-Year Plans, eight were finished and put into use, with six of them being assessed as fine projects. This was a result of the attention and concern of the Ministry of Transportation and the Xinjiang Uygur Autonomous Regional People's Government, the support of the people of all nationalities in Xinjiang, and the hard work of tens of thousands of highway construction workers and officers and men of the People's Armed Police Transportation Unit.

Xinjiang is a vast territory where transportation used to be quite backward. But as reform and opening up has developed in depth, and China's western economic construction has taken off, the importance of highway construction in Xinjiang has become increasingly evident. The great northwest is a key region in China's productive forces layout in the transition to the new century, and a priority in China's "four border" strategic development, as Xinjiang sits on both borders and roadways, being located at the center of the new Eurasian

land bridge, with over 60 countries and regions having developed "highway"-centered economic and trade exchanges, with Xinjiang as the relay station and the Central Asian inland business and trade center for joint development with the CIS and Eastern Europe of the Eurasian inland market. Xinjiang highway construction is a heavy responsibility with bright prospects, meaning that we will have to work even harder.

We are now actively planning the construction of a superior highway from Turpan to Urumqi to Dahuangshan. This will be Xinjiang's largest single highway construction project since liberation, with an estimated overall investment of 2.3 billion yuan, including a World Bank loan of \$150 million, with the highway being 285.5 km long, divided into two sections, east and north. The east section will start at the mouth of Grape Ravine in Turpan on National Highway No. 312, ending at Ulabo Lake in Urumqi, being about 178.8 km long; the north section will start at the intersection of Xingfu Road at Dahuangshan in Fukang on National Highway No. 216, ending at the north mouth of Hetan Road in Urumqi, being about 107.7 km long, to be a key part of China's northwest highway system. The highway will pass through famous Xinjiang tourist sites such as Turpan and Tianchi, running along Xinjiang production bases for commodities such as coal, oil, industrial chemicals, iron and steel, and motor vehicles. It will play an enormous driving role in speeding up the industrial and agricultural production of these areas and in spurring economic development throughout Xinjiang. We have made conscientious early-stage preparations according to World Bank loan international project procedures, with the feasibility study report having successfully won State Planning Commission approval through examination and appraisal, the initial project design documents having been examined by the Ministry of Transportation, and an evaluation of the whole project by the World Bank Evaluation Delegation having been received. To ensure project progress and quality, we have adopted international bidding, with over 30 construction units having bought advance eligibility evaluation documents, the roadside work of land acquisition and demolition and removal already underway, and efforts being made to begin construction in the summer or fall of 1994. Meanwhile, we are emphasizing three highway construction projects, such as from Tianchi to Turpan Port, guaranteeing their total completion in 1994. While focusing our human and financial resources on superior highway construction project priorities, we will continue in 1994 to build highways such as National Highway No. 312's sections from Sailimu Lake to Qingshui River and from Hami to Barkol, in an effort to build more and better roads for Xinjiang's economic development.

As a review of the past year shows amazing achievements, we are looking to the future with full confidence. We will welcome the arrival of the new year with even more outstanding accomplishments.

AGRICULTURE

Heilongjiang Sugar Industry Unprofitable

Beet Production Declines

94CE0252A Harbin HEILONGJIANG JINGJI BAO
in Chinese 2 Dec 93 p 2

[Article by Fan Baochang: "It Is Necessary To Form Policy Early in Order To Prevent Sugar-Related Fiscal Losses"]

[Text] This year is a year of greatly declining sugar production in our province. According to forecasts, procured beets have amounted to less than 3 million metric tons, representing a decline of 50 percent from the best year in history. Because of the raw material insufficiency, some sugar-making enterprises have become kitchens without rice, and have difficulty in surviving. Four sugar refineries, the Zhaodong, Zhaozhou, Bayan, and Binzhou, have been forced to suspend production.

Raw material insufficiencies have always been creating difficulties for the survival and development of our province's sugar industry; especially, some new refineries which have been established more recently have experienced even more prominent problems in this regard as their raw material areas are smaller. The raw material situation affects the present as well as the future; this year's raw material insufficiency not only constrains this year's production but will also affect next year's.

The overall factors responsible for this year's large decline in beet production: The first is the irrational beet price in a comparative sense. Our province's main cash crops are commonly called the "two kinds of *dou* and one kind of nodules," that is: soybeans, potatoes, and beets. Currently the per mu value of output of soybeans is 240-320 yuan; the per mu value of output of potatoes is 160-240 yuan; and the per mu value of output of beets is 124-186 yuan. In terms of the per mu value of output, there is a marked difference in price between beets on the one hand and soybeans and potatoes on the other. The sales price of sugar has now risen to 2,800-3,200 yuan per metric ton; the ratio of the raw material price to the finished product price appears to be very irrational. It is exactly because of this price factor that the sown acreage for soybeans is extremely large across our province, thereby seriously adversely affecting not only beets but also other cash crops and grain crops.

The second has been the error in the work of guiding public opinion. Early this year the General Sugar Group Corporation of the province put forward the argument for "being not afraid of three things"; one part of the argument was about being not afraid of peasants' not growing beets. The argument has produced some negative effects. Sugar-making enterprises have slackened beet production consciously or unconsciously, and peasants have also become dispirited and bitter.

The third has been local governments' administrative interference. In terms of the provincewide situation, the production of raw material for county-supervised sugar-making enterprises is generally in better shape than for province-supervised enterprises. This is because the difference between the situation of making profits and the situation of making losses in sugar-making enterprises is great. Thus if the enterprises do well, they can become a major fiscal pillar for the localities; but if they are in bad shape, they can become an unbearable burden. Therefore, with regard to methods of promoting raw material production, the localities have not only issued mandatory plans but also used some constraining means, trying every means to increase raw material production.

The fourth is that the problem of difficulty in selling beets has not been fundamentally resolved. In spring when beet production is being arranged and when sown acreage commitments are made, sugar refineries would call beet farmers honey brothers and sweet sisters, visiting the farmers during Spring Festival and delivering seeds and pesticides to their doors; but at the time when beets are procured, they would change their usual attitude, becoming rude and cold and using dirty methods to withhold part of the payments to beet farmers. The phenomenon of extorting money and objects has occurred from time to time. White slips have not been thoroughly eliminated. According to a source, the sugar front of the entire province still owes 160 million yuan in white slip money. This year there is still a shortage of 624 million yuan in procurement funds. This means that more white slips will continue to be issued. If selling beets does not generate cash, how would peasants acquire enthusiasm for growing beets?

Over several years the sugar industry provincewide was all along in a predicament. There were many reasons for the situation. The main reason was that the sugar price was not proper. Now the price has grown gradually, and people at home and abroad are optimistic about the price, resulting in a good external environment for the development of the sugar industry. Nevertheless, beet production provincewide is now faced with a grave situation. A failure to take effective measures to rectify the situation will not only endanger the development of the sugar-making enterprises but also make it difficult for them just to survive. Resolving the raw material insufficiency is now an extremely urgent issue.

First, it is hereby suggested that the provincial government immediately adopt a policy on the procurement price of beets. Raising the procurement price of beets is inevitable. It is necessary to adopt a prudent attitude toward the question as to how much the price should be raised. If the damages to peasants' interests are underestimated, the enthusiasm for growing beets would still not be raised. But overestimation in this respect would produce a result unbearable to enterprises, and harm the state's interest. Only by properly setting the procurement price of beets would it be possible to take care of the interests of all three parties, thereby raising everyone's enthusiasm. Under usual circumstances, it is proper to

have the beet procurement cost account for 50 percent of the sales price of sugar. If the sales price of sugar is 2,800 yuan, 3,000 yuan, or 3,200 yuan per metric ton, then it is proper to raise the beet price to 175 yuan, 185 yuan, or 195 yuan per metric ton. A proper price ratio can play the role of directing and adjusting supply-and-demand relationships. A situation where the beet price changes with changes in the sugar price will certainly stimulate beet production, thereby meeting the needs of sugar-making enterprises.

Second, enterprise autonomy should be effectively implemented. According to a source, in recent years some refineries have formulated some homegrown policies in an effort to promote raw material production, adopting, for example, such preferential policies as those of supplying beet farmers with half-price seeds and paper tubes as well as free pesticides to be mixed with seeds, the practice of paying some service fees to county, township (town), and village cadres, etc. In 1992 the Yi'an Sugar Refinery implemented the new method of "reward-getting beet growing," distributing forms in spring, checking the cases in autumn, and giving the rewards at the end of the year. With 200,000 yuan, it bought peasant willingness to grow beets. In the spring of this year, although every refinery knew that the irrational price ratio would adversely affect peasants' enthusiasm for growing beets, no one would dare to raise the price by itself.

In view of the abovementioned situation, it is hereby suggested that the supervisory agencies delegate this power to enterprises, asking them to do their work boldly and proudly under the condition of having no misgivings. The belief is that they will discharge well their accounting responsibilities on the basis of consideration of their respective economic capabilities, and will not carry out loss-making operations.

Third, vigorously spread the use of the new technique of paper-tube seedling growing. This new technique was introduced from Japan. Over the several years, the refineries have spread the use, and produced substantial successful experience. But a new overall situation has yet to be created. There are mainly three reasons for that: the first is the belief that the investment is too large; the second is the belief that the labor input is too large; and the third is the failure of technical guidance to catch up.

As practice has proven, the new technique of paper-tube seedling growing provides a great potential for increasing yield. Under usual conditions, per mu yield can reach 3,000-4,000 kg, equal to the 2 mu yield based on direct planting; in many instances, the yield is over 5,000 kg. According to calculations based on a procurement price of 185 yuan per metric ton, the per mu value of output will be 555-740 yuan, which will be more than three times the per mu value of output of soybeans.

Fourth, enhance the construction of the body of agricultural affairs officers. The ties and bridges between enterprises and the raw material areas are created through the

work of agricultural affairs officers. The agricultural affairs officers of some old refineries maintain many fine traditions, which should now be advocated, restored, and developed.

Currently some agricultural affairs officers are complacent, and are not diligent. When they are arranging beet production in rural areas, they often stay in towns, exercising remote command through telephones.

Two qualities of agricultural affairs officers are urgently in need of improvement. It is necessary to formulate a code of conduct governing the work of agricultural affairs officers. The construction of the body of agricultural affairs officers should be managed in a routine, regularized, and standardized manner.

Fifth, be determined to resolve the problem of beet-selling difficulties. The problem of beet-selling difficulties is an old and difficult problem which people have wanted to resolve for many years but which has so far not been resolved in a satisfactory manner. Peasants hate the problem extremely. This problem has not only hurt peasants' enthusiasm for growing beets but also totally broken peasants' hearts. Therefore it is necessary to be determined to resolve the problem of beet-selling difficulties.

Sugar Industry Declining

94CE0252B Harbin HEILONGJIANG JINGJI BAO
in Chinese 14 Dec 93 p 2

[Article by staff reporter Chen Xiaoping: "Our Sugar Industry Has Been Unprofitable Continuously Over the Years; Crop Growing Must Be Modernized"]

[Text] In recent years our sugar industry has been making losses continuously; the 1991-1992 sugar-making period saw a loss of 590 million yuan, and the 1992-1993 sugar-making period saw a loss of 259 million yuan. Based on the current situation, people have expressed many views on the causes of the sugar industry's loss in 1993-1994. It is generally believed that the main cause is the raw material insufficiency, that the cause of the raw material insufficiency is the peasants' unwillingness to grow beets, and the causes of peasants' unwillingness to grow beets include, firstly, the use of white slips, secondly, the selling difficulties, and, thirdly, the irrational price ratio.

Those views have some merits. The sugar industry provincewide needs roughly 6 million metric tons of beets each year. Last year 4.2 million metric tons of beets were procured; this year only 2.2 million metric tons can be procured, representing less than one-third of the processing capacity. This shows that the raw material insufficiency has developed to such a point that it must be resolved. For sure, problems such as being paid with white slips, selling difficulties, and low efficiency do exist. But, in my view, those do not constitute the essence of the issue. First, facts have proven that the sugar industry still makes losses even in years when there

is sufficient raw material. During the 1991-1992 sugar-making period, 6.8 million metric tons of beets were procured, but the industry as a whole still incurred a loss of 590 million yuan. This shows that the sugar industry's losses are not completely caused by raw material insufficiencies. Of course, some may say that the situation in the 1991-1992 sugar-making period was special, because the beets' sugar content was low, with the content being only 13 percent which was 3 percentage points lower than in normal years. Such was not really the case. Even if the sugar content had been 16 percent, resulting in the production of an additional 200,000 metric tons of sugar, only 410 million yuan in losses would have been made up, according to calculations based on that year's sales price of 2,050 yuan per metric ton, and there would still have been a loss of 180 million yuan. Second, the problems of being paid with white slips and selling difficulties have been widespread problems in the procurement of agricultural and sideline products over the last dozen years or so but not problems peculiar to beet procurement, and therefore cannot explain why peasant's enthusiasm for growing beets has been especially low. Third, the view that the price ratio is irrational because the current net returns on beet growing are lower than on soybean or potato growing may not be scientific either. In fact, the beet procurement price of 155 yuan per metric ton is not low at all. Currently the arrival beet price (procurement price plus freight) is 220 yuan per metric ton on average. According to calculations based on the assumption that 9 metric tons of beets are needed to make 1 metric ton of sugar, just the beet part of the cost of 1 metric ton of sugar will be 1,980 yuan, which is already higher than the sugar price on the international market. As shown here, the beet price has reached the point that it can no longer be further raised in view of the comparison with the international market.

The fundamental cause of the problem is that the gap between the standard of our province's beet-growing industry and the average world standard is too large. At present, the average per mu yield of beets for the world is 4 metric tons, with the sugar content being around 20 percent, while the developed countries' per mu yield of beets can be as high as 5-6 metric tons. However, our province's per mu yield of beets has been kept around 1 metric ton ever since 1949, with the sugar content being around 14 percent. That is, in terms of quantity, a 4 mu plot in our country equals a 1 mu plot in those countries; in terms of quality, 3 metric tons of our beets equal 2 metric tons of their beets. In the past, the effort to raise peasants' enthusiasm for growing beets did not focus on increasing per unit area yield, but was consisted of

repeated raising of the price. The price has been raised from 60 yuan per metric ton in 1972 to 155 yuan per metric ton now, resulting in a price increase of 260 percent; but peasants still have no enthusiasm. We have now arrived at the end of the road of raising peasants' enthusiasm through raising the price, and a further price increase is sure to result in all sugar refineries being closed. Furthermore, in view of the current situation, an increase of a few dozen yuan in the per metric ton price of beets will not resolve the issue of peasants' enthusiasm. To make peasants achieve returns on beet growing equal or similar to returns on soybean growing, it would be necessary to increase the price by more than 100 percent in view of the current situation of per mu yield. But, such a price would be obviously unbearable to sugar-making enterprises. From a historical perspective, the comparatively high returns on soybean growing at the present time has not been entirely caused by a high price. In the 1970s the province's per mu yield of soybeans was only slightly more than 150 jin, but by 1992 the per mu yield had been raised to 230 jin. If the per mu yield of soybeans had remained at the level of the 1970s, the per mu revenue, as calculated on the basis of the figure of 0.8 yuan per jin, would have been 35 yuan lower than the per mu revenue of beets. The comparatively high returns on soybean growing have been caused mainly by the increase in per unit area yield based on scientific and technological progress.

As demonstrated above, our provincial sugar industry's fundamental way to get out of the predicament is to modernize the beet-growing industry, so as to reach the average world standard as soon as possible. Only in this way would our provincial sugar industry be able to successfully enter the world market and remain undefeated in competition after our country's signatory state status in the GATT has been restored. Surely, raising per unit area yield would call for hard work, and is different from price increase which can be achieved through making a decision. But, increasing per unit area yield can produce the real effect of increasing the productive forces; price increase can alleviate immediate, urgent difficulties, but cannot fundamentally resolve the issue. It is necessary to utilize the foremost productive force in the effort to develop the productive forces. This approach represents not only the sugar industry's fundamental way to get out of the predicament but also the fundamental way to make our province's dairy, flax-growing, and wheat-growing industries embark on the road of benign development and improve their own efficiency. It is high time that our province did really hard work to develop the rural productive forces.

Shaanxi Fulfills Grain Procurement Task

94CE0257V Xi'an SHAANXI RIBAO in Chinese
3 Jan 94 p 1

[Summary] As of 25 December, Shaanxi Province had procured 1.147 billion kilograms of contract grain orders, exceeding the task of 1.145 billion kilograms of contract grain. This year gross output of grain in Shaanxi exceeded 16.5 billion kilograms. No IOUs were issued.

Shanxi Grain Output Increases

94CE0257W Taiyuan SHANXI RIBAO in Chinese
22 Dec 93 p 1

[Summary] Gross output of grain in 1993 in Shanxi Province was 9.9 billion kilograms, an increase of 1.3 billion kilograms over 1992. At present, Shanxi has ample grain stocks.

New Trend in Media Reportings

94CM0137A Hong Kong TANG TAI [CONTEMPORARY]
in Chinese No 33, 15 Dec 93 pp 92-94

[Article by Yun Yang: "Major Current Tides in China's News Media"]

[Text] Under a planned economic system, news-gathering activities tend to be carried out only on the basis of being governed by "plans," seeking news on the basis of being guided by the spirit. Otherwise, even reports which are very newsworthy would have to be thrown into the trash heap. Now, under a market economy, how is the situation?

"Recently a hinterland publication carried a report: A group of over 20 human snakes from Fujian, carrying service passports bought with money, traveled to the United States by air in an attempt to immigrate into the United States; eventually they were exposed and became illegal immigrants."

Some time ago, while presiding over a seminar here in Hong Kong, Fang Hanqi, professor at the Journalism School of the People's University of China and member of the academic discipline evaluation group under the State Council, discussed China's news-reporting industry since the 14th CPC Congress. He pointed out that in the past it had been impossible to see in newspapers such absurd stories as the one mentioned above.

Reporting good news but not bad news was a reporting policy of the Chinese media in the past. No matter how big a traffic accident or a natural or human disaster was, it would not be reported in a timely manner by newspapers. However, such an ossified view has now been loosened up. Recently, newspapers inside China even reported the news of a scientific exploration satellite's failure to return to the earth on schedule.

In the past, not only was "bad news" kept unreported, but the so-called "secrets" were also kept unreported. At that time the country was closed to a great extent and the scope of secrets to be kept was large. During the Cultural Revolution, ordinary people in such a great country were not even allowed to know when and where a session of the People's Congress, attended by several thousand people, was held. A news report was released only after the session was concluded. Activities at the session were even more a matter of secret. Comparatively, the current situation represents substantial changes, and embodies journalistic values to a greater extent.

The System of Newspaper Management Has Changed Substantially

The system of newspaper management has also undergone some changes, and the dual-track party-government system has been restored.

For a long time in the past, the media were all managed by the propaganda departments of party committees. It was only in 1987 that the Press and Publication Administration, which would regulate nonparty newspapers,

was restored. The Press and Publication Administration was in fact established (under the name of the General Press Administration) in the early years of the PRC. For at that time there were also some newspapers which were public-private joint operations, some private newspapers, and some newspapers run by foreigners. As party committees' propaganda departments could not handle matters involving so many newspapers, the General Press Administration under the State Council was thus established. But, in the early 1950s, foreign newspapers disappeared, while private newspapers as well as newspapers which had been public-private joint operations were all turned into public operations, which could then all be managed by party committees' propaganda departments. As a result the General Press Administration was abolished.

To some extent the restoration of the Press and Publication Administration reflected the diversification of publications.

In addition, Professor Fang argued, news-gathering activities were also governed by plans under a planned economy. If the superior agencies determined that there was a sector, then there would be a corresponding office in a newspaper, which would be exclusively engaged in reporting news about the sector. In the past, news-seeking activities had to be carried out in the designated sectors and in accordance with plans and the spirit. Otherwise, even reports which were very newsworthy would be thrown into the trash heap. This way of doing things also made reporters lazy and stupid.

Photographs were handled in the same way. The size of a photograph carried by a newspaper was not determined by its news value, but by the bureaucratic rank of the person in the photograph.

Substantial Increases in the Number of Publications and in Advertisement

Changes in the quantity, layout, and content of the media are even more obvious.

Since the 14th CPC Congress held in October last year, the market economy within China has been getting increasingly lively, and the news-reporting industry has also achieved significant development, resulting in a substantial quantitative increase in the media (see Table 1). The present period is one of the periods in Chinese history where the news-reporting industry is the most prosperous in terms of quantity; there are now more publications than pre-Liberation 1946 when there were over 1,400 publications. Furthermore, the growth in quantity is continuing. According to estimates, next year the aggregate circulation of publications will increase by 15 percent over this year. Currently, the number of newspapers increases by one every two and one-half days, the number of periodicals increases by one every two days, and the number of publishing houses increases by one every nine days.

Because of the large advertising demand resulting from the development of the market economy, the volume of advertising business of the media is also increasing substantially, producing an average annual growth rate of over 40 percent (see Table 2).

In order to attract more customers, the contents of publications cannot remain so boring and undiversified as previously, and are becoming more diversified and interesting, with each publication showing its characteristics in a creative way.

Before the Third Plenum of the 11th CPC Central Committee, the media carried few advertisements. For, after the founding of the PRC, publications in China emulated the Soviet Union; as PRAVDA carried no advertisements, publications in China would carry few advertisements. During the "Cultural Revolution," there were mainly four categories only: advertisements about books and periodicals, theater performance advertisements, lost-and-found announcements, and government announcements on land requisition and the cleaning up of graves.

As the survival of the media would depend on advertisements, it was inevitable that the contents of a thousand newspapers would be the same. Especially during the Cultural Revolution, in order to avoid making mistakes, local newspapers would telephone RENMIN RIBAO every evening "to compare the layouts" so as to ensure their being identical.

Presently, as the media are growing quantitatively, competition becomes inevitable. It can be confidently predicted that such things as contents and reporting methods will also be improved on a daily basis because of the need to attract readers and customers.

Table 1: The Number of Institutions in Each Category of the Media in China in June 1993

Media category	Number	Increase over 1978
Newspapers	Over 1,800	1,000 percent
Periodicals	Over 7,000	
Internal publications	Over 2,000	
Radio stations	Over 500	500 percent
Television stations	614	1,920 percent
Cable television stations	Over 500	

Volumes of Advertisement Business of the Media over the Years

	unit: the renminbi
1979	Several million yuan
1980	110 million yuan
1990	2.5 billion yuan
1991	3.51 billion yuan
1992	5 billion yuan

There Is a Fever of Paid News Reporting

With the development of the market economy, the new-reporting industry is undergoing reform continuously; but many problems have also emerged. In his speech, Professor Fang Hanqi also gave a detailed briefing on the problems.

Recently a doggerel has appeared in China: "First-rate journalists trade in stocks; second-rate journalists solicit advertisement business; third-rate journalists write for other publications; fourth-rate journalists attend meetings; and fifth-rate journalists edit articles." This shows that many journalists are devoted to their second jobs, whereas those who are doing their primary jobs are ridiculed as fifth-rate journalists.

In addition, the increase in paid news reporting is also producing ever greater detrimental impact on the spirit of journalists.

News space can be sold for "red envelopes"; what follows the words, "a report by this newspaper," is actually an advertisement. After reading it, readers cannot but feel cheated. In his speech, Professor Fang cited many instances:

The "richest village," Daqiu Village, bought over a floor-cleaning worker at the Japanese embassy with 70,000 yuan, and arranged, through that worker, for a Japanese reporter to visit Daqiu Village. Recently, after Daqiu Village's problem was exposed, Daqiu Village gave a 50,000-yuan bribe to a government functionary with a rank which was not very high, so as to be informed of the attitude of the agency in charge of the matter with regard to the handling of Daqiu village's problem. This shows that Daqiu Village was willing to spend a great deal of money on news-gathering activities, and many of the reporters who gathered news in Daqiu Village might have also been "paid."

Like Other Commodities News Reporting Is Sold for a Price

In another instance, when collecting evidence in the home of an enterprise manager who had committed the crime of profiteering, a court discovered that he had given 170,000 yuan in bribes to more than 20 newspapers, which had then written articles to sing his praises.

With regard to the recent Great Wall Group fraud case, television stations, central-level newspapers, and local newspapers all carried flattering reports during the process of the Great Wall Group's fund gathering, thereby helping the Great Wall Group establish credit in society. It is difficult to say whether some deals were involved here.

Some local television stations even openly list prices, explicitly setting the standards for fees to be charged for various news reports. For instance, a news report on the holding of an enterprise meeting, the ordering of goods, or a product show will cost 500 yuan, while a five-minute feature story will cost 5,000 yuan. Even Professor Fang,

who tended to speak rather gently, denounced such conduct as: shameless "prostitution."

According to Professor Fang, work in two areas has to be done in order to maintain journalists' professional ethics. One is to improve the benefits enjoyed by journalists; the other is to formulate the Press Law, creating a code of professional conduct for journalists.

The Press Law began to be formulated in 1980. Successively, the Journalism Institute of the Chinese Academy of Social Sciences, the Press and Publication Administration, and Hu Jiwei of the Standing Committee of the National People's Congress (dismissed after the June 4th Incident) each produced a plan; afterwards comparative study was also carried out. Nevertheless the law has yet to be enacted.

In recent years legal disputes involving news reporting have been on the rise. As there is not an effective law to define the related matters, sometimes cases are handled in accordance with criminal law, and more frequently cases are handled in accordance with civil law.

The lack of effort to construct the legal system governing the news-reporting industry is now a big problem in the development of journalism.

Yu Zuomin Bought a Journalism Prize With Money

The third problem is the interference of capital.

The interference of some wealthy individuals in the news-reporting industry has adversely affected the taste of the news-reporting industry. Professor Fang cited some examples: Last year a nationwide contest of short news stories was held in Daqiu Village, and the expenses for the contest were paid for mainly by the "village chief," Yu Zuomin.

After the judging activity produced results, Yu Zuomin argued that a TIANJIN RIBAO report on Daqiu Village's donations for relief efforts in disaster-stricken regions should be awarded a prize. The judges believed that the report was of ordinary quality, and thus hesitated to some extent. As a consequence a very unhappy look passed over the face of Yu Zuomin who was powerful because of his wealth: "If this news report is not awarded a prize, this check will not be signed either." After repeated discussions, people succumbed to the will of Yu Zuomin, and the news report on Daqiu Village's donations was awarded the third prize.

In addition, some newspapers have accepted investments from collective enterprises; some newspapers sold some of their shares; and some newspapers sold rights over advertisement or advertisement spaces, which have then come to be controlled by advertising agencies.

Such situations are, in fact, commonplace in capitalist societies, but are doubtless new things in a socialist market economy. Professor Fang, a scholar, pointed out: Because of the interference of capital, sometimes contents are made to accommodate the market, resulting in the carrying of stories such as those of problems in marriages, crime-of-passion murders, and sensational crimes in society as well as pornographic pictures; consequently publications have become more vulgar.

Lastly, there are the problems that the volume of information is still too small, that there is a tendency to intentionally avoid negative stories, and that reporting is not timely enough.

During the effort to bid for the right to host the Olympics, the people of Beijing felt rather good about themselves. It was exactly because they had only seen their positive side, with reports being mostly positive, that their sense of failure was very profound at the time of defeat.

Public Reaction to "Through Train" Issue

94CM0088A Hong Kong MING PAO in Chinese 8 Nov 93

[Article by Hong Kong University Social Sciences Research Center researcher Chung Ting-yao (6945 1656 5069):
"Who Can Drive the 'Through Train Called Faith'?"]

[Excerpt]

1. Is It Important for Legislative Council Members To Be On the Through Train [Response %]			
Survey Date	Important	Not Important	Not Sure/Don't Know
8-10 Dec 92	60.9	18.7	20.4
14 Apr 93	59.8	12.6	27.6
18-20 Oct 93	63.9	16.3	19.8

2. Is It Necessary That Political Reform Proposals Dovetail With the Basic Law? [Response %]			
Survey Date	Necessary	Not Necessary	Not Sure/Don't Know
8-10 Dec 92	69.3	8.8	21.9

3. Do you consider it important to specify the objective criteria for the through train prior to 1975? [Response %]			
Survey Date	Important	Not Important	Not Sure/Don't Know
18-20 Oct 93	79.4	7.7	12.9

4. Is it reasonable to disqualify a person from riding the through train for actions which "subvert the PRC Government?" [Response %]			
Survey Date	Reasonable	Unreasonable	Not Sure/Don't Know
3-4 Nov 93	18.9	54.8	26.3

5. Should the "subverting the PRC Government" criteria be back dated to before the signing of the Joint Declaration? [Response %]			
Survey Date	Should Do So	Not Important	Not Sure/Don't Know
3-4 Nov 93	21.7	53.7	24.7

6. Should the through train include members of the District Boards and two Municipal Councils? [Response %]			
Survey Date	Should Include	Unimportant	Not Sure/Don't Know
18-20 Oct 93	65.9	19.3	14.8

7. Before 1997, would there be more advantages or more disadvantages for Hong Kong's development without the through train? [Response %]				
Survey Date	More Advantages	No Effect	More Disadvantages	Don't Know
18-20 Oct 93	6.1	20.5	60.0	13.3

8. After 1997, would there be more advantages or more disadvantages for Hong Kong's development without the through train? [Response %]				
Survey Date	More Advantages	No Effect	More Disadvantages	Don't Know
18-20 Oct 93	12.8	14.5	51.1	21.6

9. Considering all the criteria, do you think the following Legislative Council members should "get off the train" in 1997 (assuming they win their seats in the 1995 direct legislative elections)? [Response %]

3-4 Nov 93	Should Get Off Train	Should Not	Don't Know
Szu-t'u Hua [0674 1778 5478; Seto Wah]	24.0	51.7	24.3
Li Chu-ming [2621 2691 6900; Martin Lee]	20.2	53.6	26.2
Liu Hui-ch'ing [0491 1979 0615; Emily Lau]	10.3	59.4	30.2

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